

Laker wins six-month respite

The immediate financial problems of Laker Airways appear to have been solved. It is understood that agreement has been reached to reschedule loan repayments of £190m, and that the aircraft manufacturers McDonnell Douglas and Airbus Industrie have played a leading part in the arrangement.

This would give Laker Airways a "breathing space" of at least six months in which to sort out its finances. But the situation could force Sir Freddie Laker, the chairman, to abandon his cheap fares policy as part of plans necessary to improve the airline's cash-flow.

Laker's merchant bankers, Samuel Montagu and Co, are expected to indicate that agreement has been reached between 27 European banks to allow a relaxation of the debt repayments.

Business News, page 17

Nigerian threat to exports

British exports to Nigeria, worth more than £1,200m, could be at risk after a budget speech by the Nigerian President. His aim to halt the decline in the country's official reserves could mean a curb on imports.

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No public cash for Land's End

Mr Michael Heseltine, Secretary of State for the Environment, has decided that the appeal for £500,000 of government money to help buy Land's End for the nation cannot be justified. The decision caused confusion at the National Trust.

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Trident TV buys Playboy

Playboy Enterprises said in Chicago last night it had signed a formal agreement to sell nearly all its gambling operations in Britain to Trident Television for a reduced price of \$26m. The deal includes five gambling casinos, a 50 per cent interest in two other casinos and 80 betting shops.

Budget call to finance ministers

EEC finance ministers have been called on to try to resolve the dispute about the 1982 budget. The European Parliament has produced an amended proposal for more money to go to economic development.

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Sprout shortage

Hard frosts have reduced supplies of Brussels sprouts by a quarter. Farmers have been harvesting frozen crops, which deteriorate rapidly. Only a prolonged mild spell will avert a critical shortage at Christmas.

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ACC director

Mr Robert Holmes a Court, the Australian newspaper and television station owner, has joined the board of Lord Grade's Associated Communications Corporation and taken three per cent of the voting shares.

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Namibia step

The West's revised constitutional guidelines for Namibian independence were handed to Mr R. R. Boesak, the South African Foreign Minister, who said the process appeared to be "still on the tracks".

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World Cup agent

Hunter Davies talks to the man who is not only the agent of Kevin Keegan, one of England's leading footballers, but also looks after the financial interests of England's World Cup team.

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Everest assault

The British team under Chris Bonington which will attempt to climb Everest next year by the unclimbed southern route has been announced. The climb will be made in Alpine style.

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Leader, page 13

Letters: On Poland, from Mr John Lyons, and others; the economy, from Professor Wynne Godley; racial equality, from Sir Geoffrey Wilson.

Leading articles: London fares; Britain's EEC presidency; journalists as political advisers.

Features, pages 11, 12: Gallipoli: how fair is the film to the British? by Martin Gilbert; David Watt sees a threat to Western unity over Poland; Where does London transport go now?

Obituary, page 14: Sir Sukhrat Johnson-Marshall, Professor C. H. Williams, Lord Stratheden and Campbell.

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Seven miners shot dead by troops in Katowice

By Our Foreign Staff

In the first admission of bloodshed by the Polish authorities since the military takeover, Warsaw radio reported last night that seven workers had been killed and 38 injured in the south of the country.

The incident occurred when security forces opened fire on Wednesday on strikers who attacked them at a mine in Katowice, as Warsaw radio put it. In the Baltic port of Gdansk, where Solidarity was founded, 164 civilians and 162 members of the security forces were injured in violence, the radio said.

The reports appear to confirm the general impression that while Warsaw is calm and quiet, under complete military control, the struggle of the workforce in Polish mines and factories may now be widespread.

The radio, monitored in Vienna, said that "forces of order" opened fire after being attacked by striking workers, armed with axes, stones and other implements who tried to prevent them entering the Wujek colliery at Katowice. There were 41 wounded among the security forces.

Members of the Politburo, including two elected at the last party congress, have been arrested and detained by the military authorities, according to diplomatic sources reaching Western capitals yesterday.

They are said to be Mr Hieronim Kubiak and Mr Jan Labacki, who are both regarded as liberals. If the reports were confirmed, it would indicate that the new military regime has scant regard for the party leadership.

Mr Kubiak, a university professor from Cracow, was an advocate of the national front which had been proposed to embrace Solidarity, the Roman Catholic Church and the party.

He had increasingly become frustrated with the way Solidarity was rejecting proposals from the party, and had seen the situation heading for confrontation.

Mr Labacki is from the Left, sitting in Gdansk where Mr Lech Walesa emerged to lead Solidarity. He attracted immediate attention when he became a member of the Politburo during the July party congress by the very fact that he was a worker.

A distinct liberal in party terms, he spoke after his election of the need to be politically accountable to the workers, and cut a relaxed, modest figure.

According to Polish diplomatic sources abroad, the Poles insist that the decision to impose martial law was entirely their own. It has even been suggested that General Wojciech Jaruzelski, the Prime Minister, informed Moscow of the operation only last Friday, and that Poland's East European allies were not told until the next day, just a few hours before the move.

Warsaw radio claimed last night that all industrial plants were working normally. It added that for the last four days, Warsaw bakeries had been working flat out, with a record output of bread.

The report added that life was going on normally in the provinces of Bialystok, Lomza and Suwalki. Calm prevailed, and public transport was operating fairly well.

Although Warsaw is orderly, the military presence is reported to be high. A large number of police and military vehicles are in evidence, with roadblocks set up in the Vistula. The main deployment of troops is said to be west of the river.

Besides the arrest of Solidarity members, Western diplomatic reports speak of a crackdown against intellectuals and academics. About 100 members of the Polish Academy of Science are said to have been arrested on Tuesday, including the President, Mr Geyztor. Most of those detained were later released, including Mr Geyztor.

It is also rumoured that university and polytechnic lecturers in Warsaw have been dismissed, and that in Wrocław musicians and actors have been held.

Mr Carrington said: "In his most recent statement so far on Poland, Lord Carrington yesterday called for the release of all those detained and an early resumption of negotiation and conciliation in the country (Ian Murray writes from Strasbourg)."

"This alone," he told members of the European Parliament here, "can produce a solution to Poland's problems". Lord Carrington added that he was ready to arrange urgent consultations on Poland if necessary. In the 48 hours since the EEC foreign ministers had met in London, he said, "the Polish skies have continued to darken".

He went on: "We are familiar with natural disasters, but here in the heart of our continent is a man-made disaster on a colossal scale."

Mr Walesa's arrest: Mr Pawel Cieslar, the Polish Ambassador to Sweden, confirmed yesterday that Mr Lech Walesa was under house arrest in a villa outside Warsaw (John Withers writes from Stockholm).

He made a passing reference to the arrest while appearing on Swedish radio to defend the declaration of martial law.

Officially the Polish Government has only admitted that Mr Walesa is negotiating with the authorities.

In a strong statement, he said thousands of trade union leaders and intellectuals had been detained.

Reagan statement and Lurie cartoon, page 13

Hotel Viktoria Warsaw

Cold cells for the thousands who err

The following letter to the editor from Roger Boyes, The Times correspondent in Warsaw, was received in London yesterday:

Poland's new military leadership is rounding up several thousand dissident intellectuals, writers, and union activists in an effort to stamp out any potential opposition. Western diplomats talk of 15,000 arrests but other sources have estimated the total to be at least three times that.

Church sources say that there is a move to concentrate as many of the detainees as possible in the Biala Jol jail outside Warsaw. Conditions are said to be extremely bad with most cells having no water or heating. The prisoners are technically "interrogated" under the statutes of the state of war and must have been charged.

It is sufficient grounds for arrest to be suspected of future involvement in opposition activities. That means a particularly wide net and secret police, often backed by troops, have been extremely active after the 10 o'clock curfew over the past four days.

Almost all the Solidarity leadership has been arrested—98 union activists are held in Gdansk—though there are reports about the fate of Mr Lech Walesa, still technically the chairman of Solidarity. Some sources, within the Church, say he is being held virtually incommunicado in a government villa outside Warsaw. It is understood to have said: "I see only trees and tanks"—while other reports suggest he has since been moved to a prison.

Long standing ambition

The pattern underpinning the arrests is to deny the nascent opposition any kind of leadership within the church or intellectuals. Journalists and writers who could have written critical pamphlets have been arrested, including the deputy chairman of the Polish PEN Club, (Pawel Cieslar), and other Catholics outside the organisation have been arrested.

Most members of KOR, the workers' self-defence committee—effectively Solidarity's think-tank—are being held, a move which means that the Polish Government even in its most reformist mood. Historians, sociologists and philosophers from the Academy of Science have been detained after trying to stage a silent protest against the declaration of martial law.

In a strong statement, he said thousands of trade union leaders and intellectuals had been detained.

Students active in the 1976 riots—now frequently young people without any strong political leanings—have also been picked up. However, it is significant that the security forces have not arrested any deputies from the Sejm, the Polish Parliament.

The military council of national salvation, at the head of the military, has ruled with and through the Council of Ministers. That is to say, most ministers have kept their portfolios. But under normal circumstances governmental decisions would have to be submitted to the critical scrutiny of the Sejm, which has developed considerable independence over the past year and indeed has shown sympathy with Solidarity.

The military leadership has eliminated this problem by cancelling the scheduled sessions of the Sejm and this in turn allows it to preserve a semblance of respect for constitutional niceties and removes the need to arrest deputies. The big problem lies with the reformist wing of the party and the non-Solidarity reformers.

Sources of qualified optimism

General Jaruzelski had represented, until about two weeks ago, a source of qualified optimism: here at least was a party chief who swore by dialogue with Solidarity and the Church. Now the reformers are an embarrassment for the regime: economic reform in the sense of decentralisation will almost certainly be abandoned and political reform is almost inconceivable in a situation where the ruling party has a minimal say in the running of the country.

Reformists in the party fear the worst and reformists close to but outside the party—such as Mr Stefan Bratkowski, the president of the union of journalists, are understood to be in hiding. A full scale confrontation will mean a continuation of the interment programme and precious little comfort for the reform movement in Poland.

Polish crisis, page 8



Mr Livingstone outlining his options yesterday: "We have three months to save London Transport."

Mellish decision to stay delights Foot

By Philip Webster, Political Reporter

Mr Robert Mellish, the former Labour MP, who rewarded Mr Michael Foot for his recent offensive against the far left by announcing last night that he would not resign as MP for Southwark, Bermondsey, and precipitate a potentially disastrous by-election for the party.

With the decision of Bermondsey Labour Party last night to stand by Mr Peter Tatchell, as prospective parliamentary candidate to succeed Mr Mellish, Mr Foot, the party leader, expects there to be a long and bruising struggle between the local party and the national executive committee which has refused to endorse Mr Tatchell.

Mr Mellish's decision, cheered loudly when it was announced, means that the parliamentary party, gives Mr Foot at least some time to try to resolve the crisis.

Mr Mellish's statement came during a parliamentary party debate on the state of the party in which one speaker after another rose to attack Mr Wedgwood Benn for his recent speeches for allying himself with the far left.

Mr Foot challenged Mr Benn to name Labour MPs whom Mr Benn had claimed, in a speech in Bermondsey on Tuesday night, had threatened to defect to the Social Democrats when Mr Foot disowned Mr Tatchell.

The debate opened with an emotional speech by Mr Laurence Pavia who told of the difficulties he had been facing from candidates in his constituency, Brent, South.

He said that Mr Benn was an articulate, able man who had done much for the party, but his two loyalties, to the party in the country and the parliamentary party, were causing great stress.

By Nazir Teimourian

Car blast blamed on Iran agents

The car bomb which exploded in London last Sunday, killing two Iranians and seriously injuring a third, was being carried by Iranian Government agents with the aim of killing supporters of the anti-Khomeini Mujahedin guerrillas who were gathered at Speaker's Corner in Hyde Park. It was claimed yesterday by exiled representatives of the Mujahedin.

They cited the explosion as the latest example of attacks on them by the Iranian Government and produced apparently genuine documents indicating that a campaign of sabotage and violence was being organized by Tehran against exiled opponents of the regime.

A spokesman for the Iranian Embassy in London denied the allegations. He said Mr Kurosh Fulaei, the wounded driver of the car, had been dismissed from his post as a doorman at the embassy on November 25 for "lack of discipline".

He added that if any money had been sent abroad from Tehran for sabotage, none of it had reached London.

George Osato

Fares will jump, GLC warns

By Frances Gibb and David Walker

The Greater London Council is to urge Parliament to pass emergency legislation to override the effect of the mammoth ruling by the Law Lords yesterday that its "fares fair" scheme was illegal.

Predicting that London's transport system would suffer devastating damage in the wake of the ruling, Mr Kenneth Livingstone, leader of the council, said he was seeking immediate meetings with Mr David Howell, Secretary of State for Transport.

"We have three months in which to save London Transport," Mr Livingstone said. "Without legislation by March 21, there would be a 200 per cent rise in fares, loss of 15,000 jobs (one quarter) in London Transport and the scrapping of whole bus and underground routes; in summary 'major' and 'strategic' contraction of transport in London."

But Mr Howell yesterday placed responsibility for clearing up the confusion on the shoulders of the GLC. They must clear up the mess, he said. He requested the problems it presented London Transport but added: "This crisis is entirely the fault of the GLC, who have managed in several months of folly to create financial chaos."

The reaction of Sir Peter Masefield, chairman of London Transport, was that Londoners would face a 200 per cent increase of 150 pence on March 21. The result could be a loss of passengers of between 30 and 50 per cent.

The five Law Lords, Lord Wilberforce presiding, upheld a Court of Appeal ruling that the GLC acted unlawfully in levying an extra 5.1p rate to pay for a cut of one quarter in bus and underground fares. Both the council and the London Transport Executive were in clear breach of their fiduciary duty to the ratepayers, they said.

The appeal was dismissed and total cost of £100,000 have to be borne by the GLC and London Transport jointly.

The Prime Minister immediately welcomed the ruling and said the GLC's action in cutting fares was clearly a breach of its duty to London ratepayers and wrong in law. The Government would need time to consider the long judgment and would not rush into any instant solution or action.

But the ruling was attacked by Mr Michael Foot, the Opposition leader, who predicted it would have serious consequences for travellers in London, and there were clashes between MPs when Mr Norman Atkinson, Labour MP for Tottenham, claimed the judgment was "an extra-parliamentary political manoeuvre" and would be seen by Londoners as political bias.

In judgments that will reverse the way London Transport has been run for a decade, the Lords said the transport system should be run on businesslike lines and should strive to break even. Only on that basis could the GLC subsidize it.

The Transport Act 1969, Lord Scarman said, required the London Transport Executive to follow "as far as practicable, a financial policy of break-even". It had a duty to "see it was run on business".

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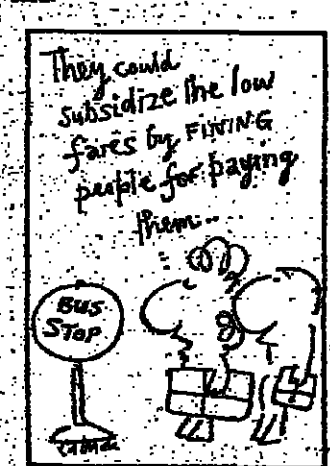
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principles to ensure, "so far as practicable, that no avoidable loss falls on the ratepayers."

The Act, he said, did not entitle the GLC and LT executive to "accept as an objective of policy a deficit", merely because it best meets what they regard as the interests of the travelling public and transport needs.

The Conservative-controlled Bromley Borough Council, which challenged the extra rate was jubilant at the decision. Mr Dennis Barlow, leader of the council, said: "What we have seen is the full paucity of the law at work in our society, which is a democracy under the law."

The GLC is to call a full meeting of the council on January 12 to discuss the implications of the ruling. But Mr Livingstone yesterday reiterated the council's determination to press ahead with the cheaper fares policy. "The Labour group is determined to stay in office and fight to implement our manifesto," he said.



Without emergency legislation, London Transport's £70m deficit would have to be offset either by a supplementary rate, probably of around 5p, which almost matches the 5.1p rate challenged by Bromley. "So Londoners will still face a supplementary rate increase, but they will not have cheaper fares," he said.

Alternatively, London Transport would have to be given a substantial loan from central Government, which would be paid off over a period by increasing fares and cutting services.

In the meantime, the supplementary rate already levied to pay for the fares cut would have to be given back to ratepayers. About £15m, or 8 per cent of the total, had so far been passed to the GLC by councils. But the administrative cost of so doing would run into "tens of thousands" per borough, he said.

The Lords' decision had implications not only for London but for other transport authorities.



"The Monarch of the Glen" Painted by John Russell in 1860. The original has been in the care of Dewar's since 1940 for many years.

As Yorkshire shivered under the lowest temperatures recorded for years, Elsie, a small colliery, near Barnsley, yesterday brought to a standstill by striking miners complaining of the cold.

A board spokesman acknowledged that the strikers had one of the coldest jobs. They work in the cold stream that is drawn into the colliery for ventilation, and are supplied with warm underclothes, outer clothing and "dunkies" jackets. Thermal underwear was not available.

The board said that no discussions could start on the miners' grievance until normal working was resumed.

Forecast, back page

GLC in crisis

Doubt on ratepayers' refunds

Ratepayers will have to wait several weeks before they know if the Lords' decision means refunds or, conceivably, extra rates.

Mr David Hopkins, treasurer of the City of Westminster Borough Council, which is taking a leading role in deciding the decision on behalf of the London Boroughs Association, said yesterday: "I will be doing everything I can to ensure refunds; but until legal implications and information on financial consequences are available, ratepayers will have to bear with me."

This much seems clear. The Lords ruled illegal the 6.1p supplementary rate (expressed in pence a pound of rateable value). The £15m of that precept, collected by the GLC before Lord Denning's decision, ought to be refunded to the borough councils which collected it.

Meanwhile the boroughs will continue to pay to the GLC the money collected on behalf of the Inner London Education Authority. So far only £5m of the £35m demanded by the authority has been raised; but most boroughs are paying the authority in instalments and will chase their ratepayers for the appropriate amounts.

The arithmetic of the GLC's supplementary rate was as follows. The boroughs were asked to pay the equivalent of 16.5p a pound; the GLC asked for 11.9p and the LEA 4.7p.

Of the GLC's precept, 6.1p was to cover the fares subsidy and certain other items and 5.8p was to cover the deficit drawn by the Department of the Environment of rate support grant because the GLC was overpaying.

Paradoxically, the GLC could benefit by the restoration of the cash equivalent of that 5.8p (about £100m) by the Government. The Department of the Environment confirmed last night that such a refund was theoretically possible if the GLC, by withdrawing its subsidy to London Transport, was within the spending target given it by the department.

Whether the GLC now refunds to the boroughs the precept it collected for fares depends on whether it attempts to raise a fresh supplementary rate. When the boroughs receive such a refund they have to decide how to recompense ratepayers.

Fare rises: 150pc blow for London

Londoners face an unprecedented 150 per cent fare increase on bus and Underground services after yesterday's Lords' decision, London Transport said yesterday. The result could be a loss of between 30 and 50 per cent of passengers.

At a hurriedly convened press conference after the judgment was announced, Sir Peter Masefield, chairman of London Transport, described the likely impact on services as harsh. He said new legislation might be needed in view of the Lords' "surprising" interpretation of the Transport (London) Act, 1969.

"It appears that the judgment means that a substantial increase in fares will be inevitable. If these changes have to be implemented as soon as practicable they must seriously undermine the standard of public transport in London."

Other effects would include a cut in staff of 1,500, about 3 per cent of the workforce, through natural wastage.

Reports by Michael Bailey, Marcel Berlins, David Felton, David Nicholson-Lord, Arthur Oaman and David Walker.

London Transport leaders that comprises the £67m raised by the supplementary rate for the last three months of 1981 and about £30m for the first quarter of next year. London Transport's projected deficit for next year is £334m on expenditure of £713m. Of the deficit, £125m was due to the cheap fares policy, with the remainder coming from pre-existing grant levels, about £90m, and inflationary and other service increases.

Mr Ian Phillips, the London Transport board member for finance and planning, stated that fare increases of 150 per cent, either introduced in one stage next March or in



Sir Peter Masefield: "Substantial increase inevitable."

instalments, would cut the number of passengers by between 30 and 50 per cent. But since there was no precedent for such an increase, he emphasized that this was a "not very good" guess.

Since the fare was cut in October, travel on the Underground has increased by about 7 per cent and on the buses by about 11 per cent.

Bus traffic is 1 per cent higher than forecast and receipts have dropped by only 19.5 per cent compared with the 22.5 per cent predicted. On the Underground receipts have dropped by 27.5 per cent in line with forecasts.

Sir Peter and his colleagues are clearly worried about one possible interpretation of the words in the judgment that London Transport must not intend to make a loss in framing its budget.

Sir Peter said that could mean London Transport must aim to break even without taking grant into consideration, a condition he described as "far harsher than imposed on any other major urban transport organization in the world."

He added that that interpretation was probably not intended by those who drafted the 1969 Act. It means that the whole approach towards transport in London and in major urban centres in this country needs re-examination as to whether what Parliament intended is now being achieved, he added.

The object of the fare increase would be to break even by the end of 1983, when there would be a further increase to take account of inflation.

Sir Peter called on the Government to provide more money for public transport. The cost of changing back-ticker machines is likely to be several hundred thousand pounds; it was made clear yesterday. No season tickets will now be issued for longer than three months and payment of refunds is being suspended.

Provinces: New safeguard on subsidies likely

Confusion reigned yesterday in transport underpinning throughout Britain as a result of the Lords' ruling. Almost all are subsidized, and an early effect of the ruling seems likely to be legislation to ensure that the subsidies remain legal.

Three Acts will have to be closely scrutinized: the Transport (London) Act, 1969, for London Transport; the Transport Act, 1968, for public transport in provincial conurbations and shire counties; and the Railways Act, 1974, for British Rail.

The first two were framed when transport finance was much more under control than now. In the light of the new ruling they appear no longer to cover requirements.

But even without new legislation an early effect of the ruling, whatever the GLC may say, could be to transfer ultimate control of London Transport back to central government, where it was before the 1969 Act. That may happen if London Transport runs out of money before March, when the new higher fares come into effect, and the GLC does not have the funds to support them.

In such circumstances the GLC is empowered to authorize the transport authority to raise loans. But because of the GLC's precarious financial conditions, members may well demand government guarantees before granting them. And the Government, the price of such guarantees, would certainly require London Transport to follow policies it approved of, which would be very different from those of the GLC.

Government policy in recent years has been to reduce subsidies to local buses and trains are acceptable provided they are neither excessive nor indiscriminate. The Lords appear to have found that the GLC's policy was not.

London Transport stands to lose £125m a year because of the ruling but does not expect serious cash-flow difficulties until next month. That is when it may need loans.

Political reaction last night in the West Midlands, Merseyside and South Yorkshire was cautious; although those authorities subsidize public transport from the rates, they work under statutes different from the GLC's.

The West Midlands County Council, which Labour took over last May, raised a supplementary rate totalling 14p in the pound to cover a 23 per cent cut in bus fares.

But Mr Gordon Morgan, the council leader, said yesterday after consultations at the Association of Metropolitan Authorities in London that the Lords' decision did not directly affect the West Midlands.

Ministry: 'Block grants are vindicated'

Sources high in the Department of the Environment last night hailed the Lords' decision as a vindication of the much criticized block grant introduced by the Government in 1980.

Three of the five Law Lords made specific reference to the Greater London Council proceeding with its scheme to cut fares in full knowledge that by doing so the council would lose £100m or more in government grants.

Lord Wilberforce had noted that in disregarding the effects on the GLC's block grant it had breached its fiduciary duty to hold a fair balance for ratepayers. Lords Diplock and Brandon also mentioned the block grant.

A similar point was made in a statement by Mr David Howell, Secretary of State for Transport. The block grant created pressures against overpaying; by ignoring them and choosing to load the burden on ratepayers, the GLC had been reckless, he said.

Under the block grant system the Government assesses the need of local authorities to spend on such services as transport, and assigns them grants and guidelines accordingly. The Transport Department had calculated that the GLC ought to subsidize London Transport by about £75m.

"The Government has always opposed indiscriminate subsidies and wholly uneconomic cuts in fares," Mr Howell said.

Mr McIntosh, absent yesterday on business in Vienna, is known to think that sensible leadership by Mr Livingstone could secure from him the full backing of his fellow Labour councillors and Bill, possibly for many months, the prospect of further defections by Labour members to the social democrats.

Mr Livingstone yesterday claimed the support of social democrats and Liberals in campaigning for new legislation on London Transport. Recently Mr Adrian Slade, the GLC's sole Liberal councillor, deplored the action taken by Bromley council.

Trade unions: Action to fight redundancies

Transport unions last night combined to condemn the Lords' decision. They are due to meet on Tuesday to decide what action to take.

That meeting could be influenced by statements from the Transport and General Workers' Union, the country's largest, which said yesterday that any redundancies caused by the decision would be opposed by industrial action if necessary.

Mr William Morris, the union's national officer for busmen, said: "We think this is bad news for London Transport for people who travel by London Transport."

"London Transport has said that it could mean 15,000 redundancies if it went back to the pre-October situation. We will not accept any redundancies," Mr Morris said.

He said that transport policies operated by local authorities in other parts of the country were open to challenge. The union had estimated that 50,000 jobs could be at risk if the Lords' judgment was carried through across the country.

Mr Sidney Weighell, general secretary of the 180,000-member National Union of Railwaymen, who organize many workers on the Underground, said last night: "Both the Government and judges are determined to prevent us running intelligent services."

Mr Donald Pallen, deputy general secretary of the Associated Society of Locomotive Engineers and Firemen, the train drivers union, said that the decision was "a disaster."

That was made clear during an interview given to The Times by Mr William Clark, the Deputy Secretary of State. While emphasizing that there was no question of direct American involvement, Mr Clark said the United States was investigating the activities of some groups which were supplying aid to terrorist organizations.

Asked what the aim of these investigations was, he replied that it was to expose them and stop them supplying funds to terrorist groups.

He did not specify the groups under investigation but it is known that the principal organization is the New York-based Irish Northern Aid Committee, known as Noraid.

The British Government has frequently complained to Washington about the activities of Noraid, which channelled more than \$250,000 to the Provisional IRA during the first half of this year when the Maze hunger strike was reaching wide publicity in the United States.

The Justice Department has said that Noraid is "an agent of the IRA" and in October one of the trustees, Mr Michael Flannery, was arrested in New York on charges of conspiring to ship guns to the IRA.

During his visit to London and Dublin Mr Clark met senior members of the British and Irish intelligence services. During the interview Mr Clark repeated a remark about the unification of Northern Ireland with the South which caused controversy during his Irish visit, but emphasized: "This is an observation which is widely held in America, and is not American policy."

The law: Words that define the GLC's duty

Lawyers advising provincial transport authorities will be anxiously studying the judgment to see whether they, too, might eventually be put in the same position as the GLC.

Section 1 of the Transport (London) Act places a duty on the GLC to develop policies and to encourage, organize and, where appropriate, carry out measures, which will promote the provision of integrated, efficient and economic transport facilities and services for Greater London.

Section 5 of the Act places a duty on the London Transport Executive to have "due regard to efficiency, economy and safety of operation" when providing a transport system.

All the Law Lords concluded (with the slightly different words) that the words "efficiency, economy and safety of operation" were to be given a broad interpretation, and that they had not been done.

Ghost town streets of Belfast come alive

From Richard Ford, Belfast

The queue of cars waiting to enter Belfast city centre would have most motorists impatiently tapping the steering-wheel, but for Mr William Hamilton, manager of the Abercrombie Cabaret in Castle Street, the long delay is a delight.

For it means that a brave attempt to lure people back to the centre of the city at night is being made. Four nights ago, for the first time since 1974, private cars were allowed through the security gates to park unattended in city centre streets.

Of course, they are still stopped and searched before entering the security zone, and vehicles must be out by 2 a.m. But it is a step forward to what the city council predicts will be a "brighter Belfast".

Everyone, from the security forces to hardpressed businessmen who have seen takings at clubs and public houses in the area plummet, are hoping that no discordant incident will end the experiment.

Mr Hamilton is among those who confidently expect the people of Belfast to revert to their night-time pursuits in the city centre now they can use their cars.

Because of repeated car bombings city centre streets in Belfast took on the eerie atmosphere of a ghost town when private cars were banned in 1974.

When people ventured out it was often to cinemas and public houses outside the main security zone. On the eve of the trial period about a hundred cars were brought into the centre, and in the days before Christmas that number is expected to increase.

Mr Hamilton manages the club above the restaurant where two people died and 130 were injured when a bomb exploded without warning in 1972. He said yesterday: "I usually have a pass and can get through the security barriers quickly, but there was a long queue on that first night."

"I was delighted, as it means, I hope, that Belfast will come alive again in the evening. It's been a dead period, with sometimes as few as six people in the club at night."

Tougher action is planned against American support groups which raise funds for the Provisional IRA, including violence in Northern Ireland (Nicholas Ashford writes from Washington).

That was made clear during an interview given to The Times by Mr William Clark, the Deputy Secretary of State. While emphasizing that there was no question of direct American involvement, Mr Clark said the United States was investigating the activities of some groups which were supplying aid to terrorist organizations.

Asked what the aim of these investigations was, he replied that it was to expose them and stop them supplying funds to terrorist groups.

He did not specify the groups under investigation but it is known that the principal organization is the New York-based Irish Northern Aid Committee, known as Noraid.

The British Government has frequently complained to Washington about the activities of Noraid, which channelled more than \$250,000 to the Provisional IRA during the first half of this year when the Maze hunger strike was reaching wide publicity in the United States.

The Justice Department has said that Noraid is "an agent of the IRA" and in October one of the trustees, Mr Michael Flannery, was arrested in New York on charges of conspiring to ship guns to the IRA.

During his visit to London and Dublin Mr Clark met senior members of the British and Irish intelligence services. During the interview Mr Clark repeated a remark about the unification of Northern Ireland with the South which caused controversy during his Irish visit, but emphasized: "This is an observation which is widely held in America, and is not American policy."

Engineering chiefs seek tougher labour laws

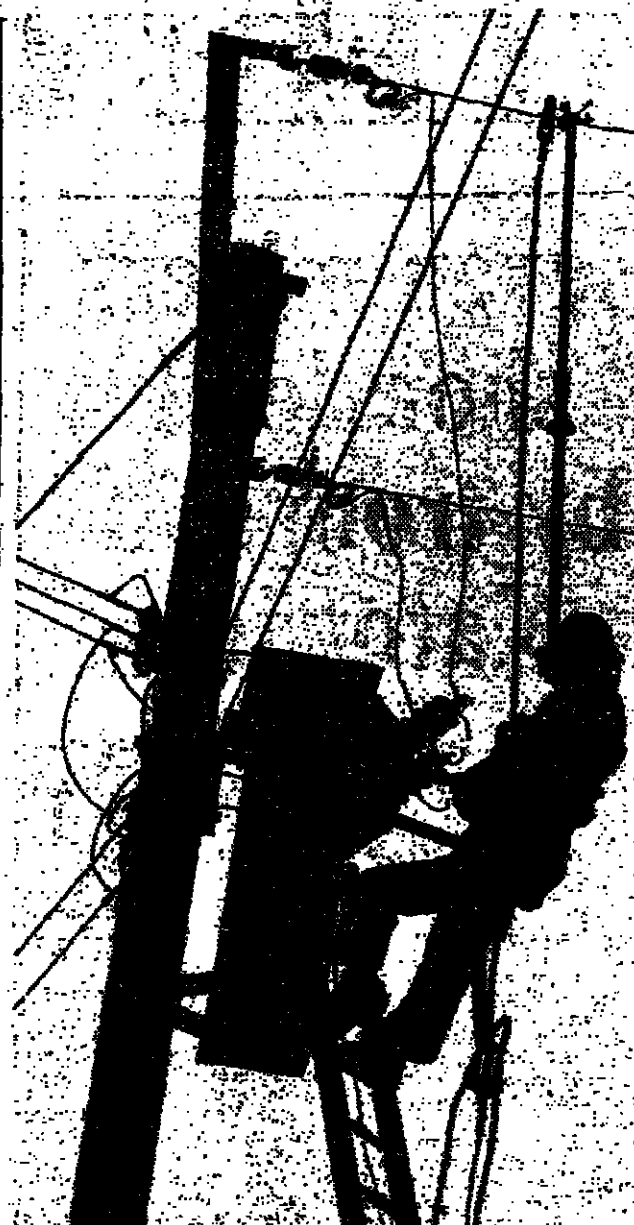
By Paul Routledge, Labour Editor

Engineering employers are going for a tougher policy on labour law with hopes that the political emergence of the Social Democrats will prevent any repeal of the legislation by a future Labour administration.

The influential Engineering Employers' Federation is pushing for an amendment to the impending trade union Bill so that companies would be free to suspend employees without pay during strikes involving only a few people.

Mr Anthony Frodsham, retiring director-general of the EEF, said yesterday: "All things change with time. It seems at least possible that in the past few months we have seen the beginning of a fundamental transformation of British politics and society."

It seems now that three million unemployed will not lead to the return of a Labour government subservient to the union interest. "Unions may not be able quite so easily to ensure the repeal of legislation which they do not like. If this proves to be so, our industry, economy and society may reap great benefits."



Mr Philip Thorne repairing electricity lines for the fifth consecutive day in Somerset yesterday.

Power back in South but freeze goes on

Most of the homes in south-west England blacked out by the blizzards had their power restored yesterday.

Only about 800 homes in Somerset, 200 in Devon and 70 in Cornwall were still in the dark last night, and the South Western Electricity Board hope to restore all supplies by tonight.

Excessive speed was blamed yesterday for accidents in 42 cars and lorries crashed in freezing fog on the M1 near Alfreton, Derbyshire. The motorway in Derbyshire between junctions 28 and 29 was closed for three hours and with thousands of cars waiting in area lanes.

Derbyshire police said: "Motorists were driving too quickly and too close to the vehicles in front and were unable to readjust when they ran into patches of fog. It was sheer madness."

At Melton, Leicestershire, a father and son were found unconscious from the cold in their parked car yesterday. Mr Christopher Young, aged 37, and his son Martin, aged 15, of York, had been in the car for nine hours.

They were taken to Hull Royal Infirmary, where the boy recovered fairly quickly; Mr Young was detained with hypothermia.

In Rothbury there were no buses because diesel froze in tanks, and many lorries were abandoned.

In North Wales the Horse-shoe pass, near Llangollen, Clwyd, and the A5104 Chester to Corwen road at Brynnewydd were still blocked by snow yesterday. Hundreds of old people have been housebound for more than a week because frozen snow has not been removed from pavements.

Burst pipes have created a water shortage in the West of England and in south Cheshire. A Down's syndrome boy aged eight died in south Wiltshire after his father carried him through a blizzard this week from a snowbound car to his home. The boy, who was told yesterday, Mark Meyer had to be carried because of his fear of snow, but he struggled and his clothes became soaked. A verdict of death by misadventure was recorded.

Mortgage change

By Lorna Bourke

Tax relief on mortgage repayments is to be simplified by speeding up from April 1983 when repayments will be made net of basic rate tax relief. Repayments are made gross at present, and relief claimed from the Inland Revenue.

That can lead to delays of several months, but under the new system relief, at the basic rate will be deducted from repayments as soon as the borrower starts to pay. Higher rate taxpayers will claim the extra relief in the usual way.

Announcing the changes yesterday, Mr Nicholas Ridley, Financial Secretary to the Treasury, said that the Government had no intention of restricting the amount of relief to which taxpayers are entitled. Legislation will be introduced in the 1982 Finance Bill and the change will mean a cut in Inland Revenue staff of about 1,000.

'PICKETS FOLLOWED TAX CHIEF'

From Our Correspondent, Edinburgh

The head of Scotland's tax collection centre claimed yesterday that he was being picketed by tax protesters.

Mr Andrew McMaster, senior principal officer of the Inland Revenue offices in Edinburgh, which handles up to £500m of tax cheques daily, told Edinburgh Sheriff Court that he was followed from Cumbernauld to Edinburgh by three cars, surrounded him.

Mr McMaster was giving evidence at the trial of Mr Ted Eley, aged 37, a union official of Hogarth Road, Crawley, Sussex, who has denied a conspiracy of tax protesters to disrupt the collection of tax cheques.

He claimed that he crossed the picket line outside the Inland Revenue offices and became aware that a convoy of cars was following them.

£50,000 RAID ON HOSPITAL

Armed raiders stole £50,000 from the Medway Hospital in Gillingham, Kent, yesterday.

Two men, one carrying a hand gun, squirted ammonia at security guards and made off with the hospital wages in two suitcases.

Police said they ran to a maroon Peugeot.

Overseas selling prices: Australia \$2.25, Bahrain 0.50, Canada 1.50, Ceylon 0.50, Egypt 0.50, France 1.50, Germany 1.50, Hong Kong 1.50, India 1.50, Japan 1.50, Kuwait 1.50, Lebanon 1.50, Libya 1.50, Malaysia 1.50, Oman 1.50, Pakistan 1.50, Qatar 1.50, Saudi Arabia 1.50, Singapore 1.50, South Africa 1.50, Sri Lanka 1.50, Swaziland 1.50, Taiwan 1.50, Thailand 1.50, Trinidad 1.50, U.A.E. 1.50, Venezuela 1.50.

Science report

Monitoring global climate and pollution

By Tony Sanjaag

The Stockholm Conference of 1972 was the first international attempt to coordinate the environmental activities of nations on a regional and global scale. With the tenth anniversary of that massive bureaucratic upheaval imminent, scientists and statesmen are well into their first round of meetings to assess and celebrate their achievements to date.

Accordingly, Dr M. D. Gwynne, of the United Nations Environment Programme, itself a product of the Stockholm Conference, presented a paper to the Royal Swedish Academy of Sciences last month in which he described his agency's efforts to compile data on the environment, vital for conservationists to avoid speaking in windy generalities.

The popularized assessment of the rate at which tropical rainforests are disappearing—fourteen thousand acres a day—is the most notorious example. The Global Environment Monitoring System, granted the status of a permanent agency, is in effect a scientific accounting system that quarters the globe in search of data from which reliable generalizations can be made.

From its headquarters in Nairobi it coordinates a network of monitoring projects in strictly defined categories, many of them operated by United Nations agencies.

"The emphasis," Dr Gwynne said last month, "is always on data quality rather than data quantity."

The broad areas of monitoring are climate, population, health, oceans and land.

Dr Gwynne reported that more than seventy countries are involved in an atmospheric monitoring programme, with more than a hundred stations measuring rainfall, radiation, trace gases, aerosols and other possible climatic determinants.

An inventory of the world's glaciers, which are involved about 750 in 21 countries, takes advantage of the fact that "fluctuations of glacial snow and ice-masses... tend themselves more readily to monitoring than many other parts of the climate system."

Long-range pollutants, particularly sulphur dioxide, are measured by a network of 50 stations in 18 European countries, which is expected to spread to North America. The phenomenon of "acid rain" is more completely understood.

Similar sampling stations monitor air and water quality and food contaminants; 300 stations in 70 countries concentrate on the public health aspects of rivers, lakes and ground waters, "which are the major source for municipal supplies, irrigation, livestock and selected industries."

Coastal monitoring is still in its infancy, with projects in the study of oil pollution and some of the regional "clean-up" programmes, operated by the regional seas unit of UNEP.

The less interesting of the various GEMS projects, however, are probably the techniques it has worked out for environmental mapping over land and water, dry areas, and covering high resolution, the state of tropical forests, range-lands and deserts.

Police said they ran to a maroon Peugeot.

A Christmas Thank you

With gratitude for your compassionate donations throughout all seasons, we wish you, our friends, the gift of a peaceful Christmas.

Your assuring presence and the plight of our patients are vividly focussed by this season of goodwill.

May the love that you have shown to the sick at St. Joseph's be warmly reflected in your homes.

Reverend Mother, St. Joseph's Hospice, Mare Street, London E8

Hine.
The connoisseurs' cognac.

VSOP
HINE
Vieux Cognac

Fares reduction beyond GLC's powers

Regina v Greater London Council and Another, Ex parte Bromley London Borough Council

Before Lord Wilberforce, Lord Diplock, Lord Keith of Kinkaid, Lord Scarman and Lord Brandon of Oakbrook

[Speeches delivered December 17]

The House of Lords held unanimously that a declaration issued by the Greater London Council on London ratepayers in order to enable the council, by a grant to London Transport Executive, to reduce fares by 25 per cent, was ultra vires the provisions of the Transport (London) Act 1969, where the council had issued the supplementary rate to implement an election promise.

In so doing, Lord Scarman said, the GLC had abandoned business principles and had acted in a way which was ultra vires and was wrong in law.

The House dismissed the conjoined appeals by the Greater London Council (GLC) and London Transport Executive (LTE) from the Court of Appeal.

Denning, Master of the Rolls, Lord Justice Oliver, Lord Justice Watkins (The Times November 11) which had allowed with costs an appeal by the Greater London Council from the judgment of the Divisional Court (Lord Justice Dunn and Mr Justice Phillips) (The Times November 4) that the GLC was entitled to impose a supplementary rate on London boroughs in order to pay for the reduced fares.

The structure introduced on London Transport's bus and Underground services on October 4, 1981.

Bromley had applied for an order of certiorari to quash the supplementary rate of 6.1p in the pound, and asked for a declaration that it was ultra vires and an injunction to restrain the defendant authorities from implementing the decision to reduce fares.

The Court of Appeal issued an order of certiorari to quash the precept, but granted leave to appeal.

Section 5 of the 1969 Act provides: (1) Subject to the requirements of section 7(3) of this Act, it shall be the general duty of the Executive to exercise and perform the functions conferred on it by or under the Act in accordance with principles from time to time laid down or approved by the Council, in such manner as the Council may direct.

Section 7(3) provides: (a) that at the end of each such period as may from time to time be agreed for the purpose of this paragraph between the Executive and the Council, the aggregate of the net balance of the Executive and any subsidiary of theirs and the net balance of the general reserve of the Executive (not being a deficit) as may be approved by the Council with respect to that period, and (b) that at the end of any accounting period of the Executive the said aggregate shows a deficit, the amount properly available to meet charges to revenue account of the Executive and their subsidiaries in the next following accounting period of the Executive exceeds those charges by at least the amount of that deficit.

(6) The Council, in exercising or performing their functions under this Act, shall have regard (a) to the duty imposed on the Executive by subsection (3) of this section, and (b) to the requirements of paragraph (b) of the said subsection (3) to be complied with by the Executive, the Council shall take such action in the exercise and performance of their functions under this Act as appears to the Council to be necessary and appropriate in order to enable the Executive to comply with those requirements.

Mr Robert Alexander, QC, Mr Peter Weisman, QC, and Mr James Goudie, QC, for the Greater London Council, and Mr John Drinkwater, QC, and Mr Christopher Lockhart-Mummery, QC, for the London Transport Executive.

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for LTE, Mr David Widdicombe, QC, and Mr Harry Sales for Council.

LORD WILBERFORCE said that the case concerned the validity of a supplementary precept issued by the GLC to Bromley for the levying of a rate of 6.1p in the pound in respect of October 1, 1981 to March 31, 1982. The precept was issued pursuant to a GLC resolution dated July 21, 1981 which was in effect a declaration of intent to reduce fares by 25 per cent, contained in an election manifesto for the May 1979 election, on which the present majority on the GLC was elected.

The supplementary precept went to all London boroughs. Bromley applied to the High Court for an order of certiorari to quash the GLC action by way of certiorari. They failed in the Divisional Court but the Court of Appeal granted their application, quashed the supplementary precept and declared that it was ultra vires, null, void and of no effect.

The LTE was a party to the proceedings because the precept was issued to enable the GLC to finance, by grant to the LTE, the cost of reducing fares overall by 25 per cent and of introducing a simplified zonal system. If the precept was set aside, LTE would have to make good the fare charges, and to reverse them would cause considerable dislocation.

The precept was attacked on two main grounds: (1) that it was beyond the powers of the GLC as defined by the Transport (London) Act 1969; (2) that even if the GLC had the necessary statutory powers, the issuance of the precept was an invalid exercise of its discretion under the Act. That ground might be raised in a separate appeal, but the court decided to consider it in the same proceedings.

Both grounds depended on the fact, which it was right to emphasize at the start, that the GLC, although a powerful body with an electorate larger and a budget more considerable than those of many nation states, was the creature of statute and had only powers given by statute.

The courts would not lightly interfere with the exercise of the wide discretion conferred on the GLC by Parliament. But its actions, unlike those of Parliament, were examinable by the courts, whether on grounds of illegality or of misdirection.

It made no difference on the question of legality, as opposed to misdirection, whether the impugned action was or was not submitted to or approved by the relevant electorate: that could not confer validity on ultra vires action. Indeed, it formed part of Bromley's argument, that the GLC, in so far as it considered that it had a commitment to reduce fares, regardless of other considerations, misdirected themselves in law.

The first ground of attack involved construction of the 1969 Act. Before 1970, transport in London was governed by the Transport Act 1962, as amended by the Transport Finance Act 1966. Under the 1962 Act the London Passenger Transport Board (LPTB) was the body which exercised the functions of the GLC. The LPTB had to balance their revenue account taking one year with another. The 1966 Act gave the GLC the power to reduce fares, but only if it was approved by the Council.

The Transport Act 1969 set up passenger transport authorities (PTAs) in various parts of the country. The 1969 Act created a new system for London, forming the GLC and the London Transport Executive (LTE). The GLC was to be the body which exercised the functions of the LPTB. The LTE was to be the body which exercised the functions of the LPTB's subsidiaries.

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The GLC was to be the body which exercised the functions of the LPTB. The LTE was to be the body which exercised the functions of the LPTB's subsidiaries.

was stated, in section 1, as being to develop and encourage measures which would promote the provision of "integrated, efficient and economic transport facilities and services for Greater London."

There had been much argument about the meaning of those words, particularly "economic". No doubt they were vague, possibly with design. It had been strongly argued that the word meant something like "on business principles"; but for present purposes his Lordship would take as the meaning most favourable to the GLC, "effective" or "making the most effective use of resources in the context of an integrated system."

Section 3 gave the GLC power to make grants to LTE "for any purpose" and no doubt those words were wide enough to cover grants to revenue as well as for capital purposes. But the court could not be read in isolation. The extent and manner in which the power was to be exercised had to be controlled by the fact that the GLC owed a duty to two different classes.

First, for meeting the needs of Greater London, they had to provide for transport to all those included not only the residents of London, but also those who would not pay rates to the GLC.

Second, they owed a duty of a financial character to the ratepayers who had to provide the money. Those were said to represent only 40 per cent of the total cost of the travelling public; they would themselves, most likely, also be travellers.

Most of the cost of the travelling public had to be found from commercial ratepayers. For the extent of that fiduciary duty *Prescott v Birmingham Corporation* (1937) 2 All ER 210 remained valid in principle, although free travel for selected categories had since been authorized by statute.

Those duties must on the authorities be fairly balanced one against the other. *Roberts v Hopwood* (1925) AC 578 was concerned with a ratepayers' election which had been an election which, it was claimed, gave a mandate to the council to pay the wages there in question.

But Lord Atkinson emphatically rejected the proposition that, however excessive or illegal their scale of wages, they were bound to put it into force, against the interests of ratepayers, because their constituents gave them a mandate so to do.

Part II of the 1969 Act, containing sections 4 to 15, was headed "The London Transport Executive". Section 4 provided for the purpose of implementing the policies which it is the duty of the council under section 5 to implement.

Sections 5 and 7 were critical for present purposes. His Lordship read section 5(1) and said that the council had to have regard to "the interests of the public" and "the interests of ratepayers".

Section 7(3) provided: (a) that at the end of each such period as may from time to time be agreed for the purpose of this paragraph between the Executive and the Council, the aggregate of the net balance of the Executive and any subsidiary of theirs and the net balance of the general reserve of the Executive (not being a deficit) as may be approved by the Council with respect to that period, and (b) that at the end of any accounting period of the Executive the said aggregate shows a deficit, the amount properly available to meet charges to revenue account of the Executive and their subsidiaries in the next following accounting period of the Executive exceeds those charges by at least the amount of that deficit.

(6) The Council, in exercising or performing their functions under this Act, shall have regard (a) to the duty imposed on the Executive by subsection (3) of this section, and (b) to the requirements of paragraph (b) of the said subsection (3) to be complied with by the Executive, the Council shall take such action in the exercise and performance of their functions under this Act as appears to the Council to be necessary and appropriate in order to enable the Executive to comply with those requirements.

Mr Robert Alexander, QC, Mr Peter Weisman, QC, and Mr James Goudie, QC, for the Greater London Council, and Mr John Drinkwater, QC, and Mr Christopher Lockhart-Mummery, QC, for the London Transport Executive.

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Frost threatens Christmas sprouts supply

By Robin Young, Consumers Affairs Correspondent

There is bad news about Christmas dinner. If the cold weather continues, Brussels sprouts, which most Britons regard as an essential garnish to turkey or goose, will be missing.

The demand for Brussels sprouts, always a staple winter vegetable in Britain, trebles at Christmas. It is conservatively estimated that five out of six British families feature nobly sprouts on their Christmas Day menu.

Hard frosts have cut supplies by a quarter, and with temperatures as low as -12°C in the fields, some growers have been harvesting completely frozen crops. Sprouts are frost-proof while growing, but if picked when frozen they deteriorate rapidly.

"You can smell them going off," one New Covent Garden trader said at the market yesterday. Britain is an exporter but not an importer of sprouts, so no replenishment is available elsewhere.

Prices are already up to 30p a pound, and only a prolonged mild spell, will avert a critical shortage at Christmas.

This is not a happy season for cauliflowers either. Supplies from England, France, and the Channel Isles, are also scarce, costing up to 90p each. On the other hand, there is plenty of cabbage, possibly a dull alternative.

Swedes and turnips are also plentiful and of excellent quality. One suggestion from the Fresh Fruit and Vegetable Information Bureau is to use these in place of the traditional turkey and Brussels sprouts. A sort of trendy Yorkshire pudding batter.

Christmas supplies of Spanish satsumas, clementines and navel oranges are also threatened. Large shipments are trapped in the French channel ports by a road transport bottleneck exacerbated by the bad weather. Despite a shorter crop, satsumas are still at about the same price as last year, 24p to 30p a pound.

Apple prices are up between 5p and 10p a pound on last year, with English Coxes from 25p and French Golden Delicious from 20p a pound. There are also amazing varieties of bright and shiny red apples imported from north America.

Mixed nuts are good value, a shortage of Brazils and walnuts being compensated by a good crop of Filberts and almonds.

There is also a wider range of exotics available than ever before. Those who miss their sprouts can compensate with lychees, kumquats, prickly pears, fruit salad, and radicchio, Italian red lettuce.

A private head for government agency

By David Walker

The next chief executive of the Property Services Agency will be a private manager, Mr Michael Heseltine, Secretary of State for the Environment, has told his senior officials at a private meeting.

Recruiting someone from the private sector to such a senior position was not, he said, to doubt civil servants' talents and energies. Rather, the agency, the organization that lets most government buildings contracts and administers the vast estate of government buildings, "would benefit from exposure to private sector ways."

"What I would like to see," he said at meetings at the Department of the Environment, "is an injection of something only a private sector man can provide."

However, Mr Heseltine reassured his civil servants that despite the government's interest in tighter management and its desire to switch responsibility back to the private sector, they were a national asset.

"The role of the Civil Service is much misunderstood. To listen to or read a wide range of comment one would draw a conclusion that it is some avoidable and extravagant overhead."

Mr Heseltine said his civil servants made a "remarkable and indispensable contribution to the working of a civilized society."



Leading an ear: From left, Lord Snowdon, president of the International Year of Disabled People, Mr Kenneth Robinson, chairman of the Arts Council, Mr Paul Channon, Arts Minister, and Mr Frank McLoughlin listening yesterday to the new "induction loop" system at the Wigmore Hall, London, designed to help the hard of hearing who use conventional hearing aids.

Indefinite detention for £1m arsonist

From Our Correspondent York

John Daysley, aged 18, an arsonist who stood and laughed as an incomplete £1m office complex burnt to the ground, was ordered at York Crown Court yesterday to be detained indefinitely in a high security mental hospital.

Judge Harry Bennett told Daysley, of the Boulevard Hill, "You are a danger to yourself and the public in general."

Mr Paul Miller, for the prosecution, told the court that the youth, who was fascinated by fire, reduced a five-storey complex in the centre of Hull to ashes with a match after breaking in to steal tools.

Daysley told police: "I don't know why I did it, but it made me feel good and gave a feeling of happiness. I lit some wood shavings on the floor and watched the flames dancing about. It made me feel great."

Within minutes the fire spread to piles of timber being used in the construction work and Daysley left to watch the fire from a neighbouring street before walking home.

Daysley, who admitted arson, burglary and theft, was arrested two weeks later in a stolen car. He broke down under questioning.

Dr Peter Watson-Wood, a psychiatrist who examined Daysley, told the judge that he was suffering from a psychopathic disorder.

Cost of the NHS rises to £240 a head

By Annabel Ferriman, Health Services Correspondent

Spending on the National Health Service costs £240 a year for every man, woman and child in the United Kingdom, according to statistics published today. This is three times as high in real terms as when the service was first established. In 1949 it cost £8.75 a head, or £79 in 1981 prices.

Hospital services take the lion's share (63 per cent), with family doctors accounting for only 6.2 per cent and community services (health visitors, community nurses and midwives) absorbing 6 per cent.

Hospital doctors are the fastest growing group in the service, having increased by 3.1 per cent a year over the past five years, compared with an annual increase of 2.8 per cent for administrators, 1.7 per cent for family doctors and 1.4 per cent for nurses.

Hospital nurses are the largest group, accounting for 37 per cent of the one million people employed.

The health service absorbs about 6 per cent of the gross national product against 5.5 per cent in 1975, 4.1 per cent in 1965 and 3.6 per cent in 1955.

The analysis, carried out by the Office of Health Economics, which is funded by the pharmaceutical industry, shows that the rate of growth of the service is slowing. It grew by 4.3 per cent between 1960 and 1970 but by only 3 per cent a year in 1976-81.

Compared with other western countries, Britain continues to spend relatively little on the service. The office's latest international data (for 1979) shows that France spends 7.2 per cent of its gross national product on health and the United States 9 per cent.

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Compendium of Health Statistics, for the Editor, Office of Health Economics, 12 Whitehall, London, SW1A 2DY, £12.

'Cured' man attacked housewife

From Our Correspondent Nottingham

A former Rampton patient kidnapped a young wife and tried to rape her at knife-point less than a year after doctors had declared him cured of a psychiatric disorder.

Rodney Harrison, aged 31, was jailed for 14 years by Nottingham Crown Court yesterday after admitting abduction and attempted rape.

Justice Beldam expressed concern at the case and called for an investigation into how Harrison obtained the knife.

It was the third time Harrison, of Kighley, West Yorkshire, had threatened a woman with a knife. The first was in Leeds in 1969, and in May, 1970, he was sent to Rampton top security hospital for twice raping a pregnant housewife.

Last January doctors considered him "cured" and allowed him out on a rehabilitation course at Balderton psychiatric hospital, near Newark. But in October he grabbed a housewife and forced her to drive 20 miles with a knife at her neck and breast.

Miss Heather Swindells, for the prosecution, said Harrison ordered the woman to stop and tied her hands behind her back. "He removed the lower part of her clothing, forced her to have oral sex three times, and tried to rape her."

At this point he seemed to come to his senses. He apologized and allowed her to get dressed.

Victimized teacher gets £5,750

From Our Correspondent Sheffield

Miss Mary Fahy, a former senior school mistress, who claimed she became the victim of a five-year victimization campaign after complaining that her headmaster drank on duty, has recovered £5,750 in compensation. Last month Miss Fahy, aged 55, won her claim for unfair dismissal at an industrial tribunal in Sheffield.

The tribunal found she had been unfairly dismissed from her teaching job at St Bernard's Roman Catholic School, Rotherham, and adjourned the case for compensation to be settled.

The parties have agreed compensation privately and yesterday Mr Mark Thomas, Miss Fahy's solicitor, confirmed that Rotherham Education Authority had agreed to pay £5,750.

During the tribunal hearing Miss Fahy, a teacher for 33 years, was alleged to have complained about Mr James O'Connor, her headmaster, drinking on duty, which led to the campaign.

Finally Mr O'Connor took away her classes and gave them to other teachers. He also relieved her of pastoral duties. As a senior mistress she claimed she was in effect dismissed by Mr O'Connor and forced into early retirement in October last year, after being driven to the point of a nervous breakdown.

The tribunal was also told that Miss Fahy was unable to control classes.

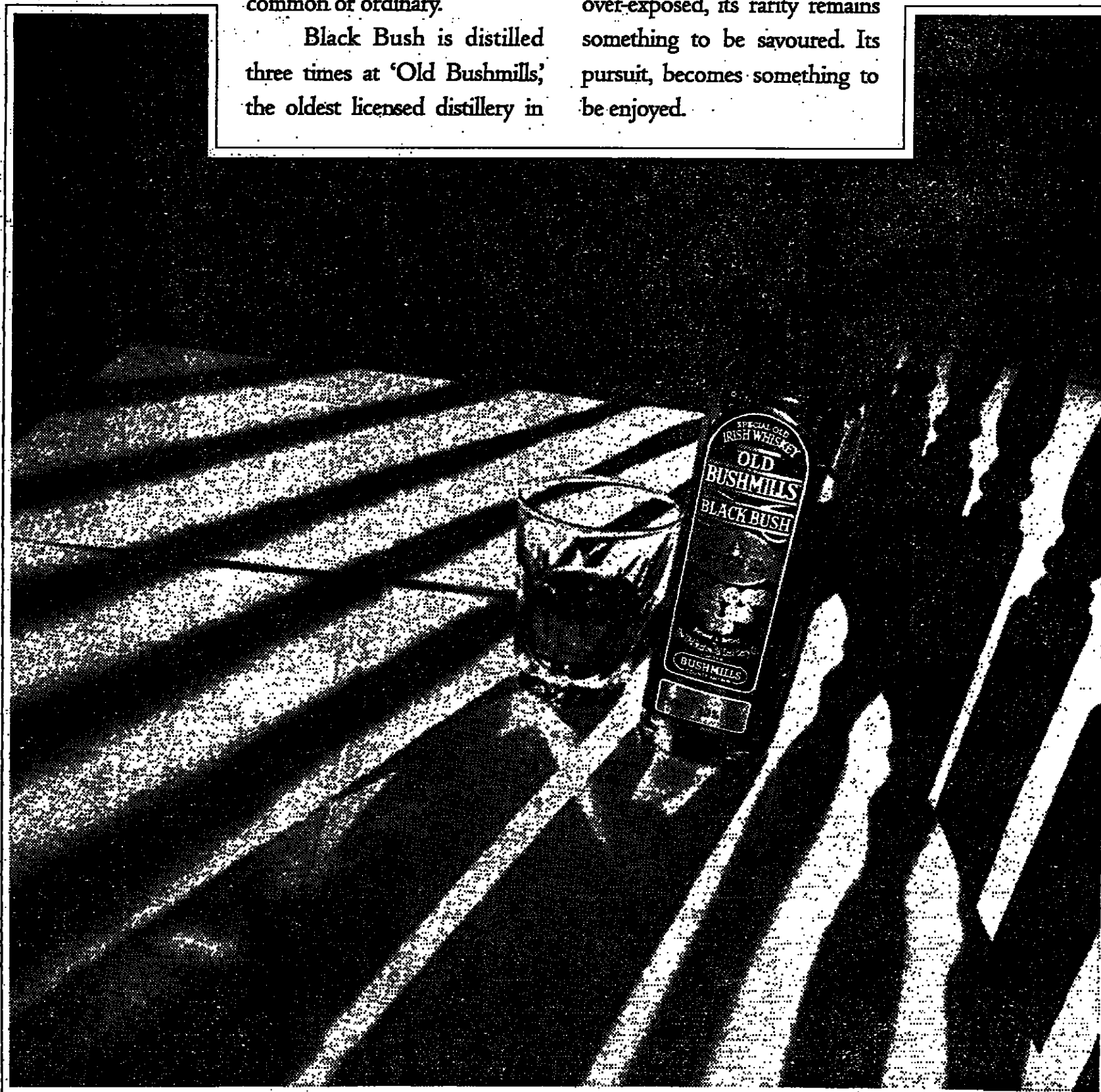
There is absolutely no point in rushing round to your local off-licence and demanding a bottle.

You have to know where to find Black Bush Irish whiskey. It's no good trying the nearest off-licence on the off chance, you're more likely to be disappointed. What you have to take for granted is that it's a whiskey which could never be described as either common or ordinary.

Black Bush is distilled three times at 'Old Bushmills,' the oldest licensed distillery in

the world. A tradition handed down through the centuries which has ensured a special mellow character and a legendary smoothness.

No other distillery has more heritage, no whiskey can claim to be as exclusive. Frankly, by not becoming over-exposed, its rarity remains something to be savoured. Its pursuit, becomes something to be enjoyed.



BLACK BUSH



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Families £22 poorer under Bill, TUC says

By Pat Healy, Social Services Correspondent

Families could lose up to £22 a week under the Government's plan to switch responsibility for sick pay from the state to employers, according to TUC calculations. In a briefing urging trade unionists to campaign against the plan, the TUC argues that employers will also suffer from heavier financial and administrative burdens.

The plan is one of the two main proposals in the Social Security and Housing Benefits Bill, now in standing committee in the Commons. It would make employers responsible for paying a flat-rate benefit for the first eight weeks of sickness for employees now covered by national insurance sickness benefit, which pays extra for dependent spouses and children.

At present benefit levels, the new employer's statutory sick pay scheme (ESSP) would pay a flat-rate benefit of £37 a week, irrespective of family circumstances. TUC calculations suggest that the proposed level would leave even single people worse off in real terms than in November, 1979.

Taking inflation since 1979, into account the TUC says the proposed £37 flat rate would mean £3.57 a week less for a single person if it was paid now. For a married couple the loss would be £17.91 a week, and for a married couple with two children the loss would be £22.23 a week.

All the figures are based on people receiving sickness benefit plus the maximum earnings related supplement in November, 1979.

The TUC says disabled and elderly workers would find it harder to obtain and keep jobs. Unscrupulous employers would have more opportunities to harass and victimize workers, and the reduction in their contributions would mean an overall loss to the national insurance fund.

Death ride on motorbike

Two joyriders died when they crashed on a stolen motor cycle while being chased at high speed by the police, an inquest at Liverpool was told yesterday.

The youngsters, who were unemployed, lost control of the 750cc machine as they took a bend at 80mph last October. David Emery, aged 19, was killed on impact and Anthony Jones, aged 17, the pillion passenger, died later in hospital from head injuries.

A police patrol car saw them breaking the 30mph limit and gave chase. Police Constable Raymond Clark, who was driving, said: "I switched on the revolving blue light and flashed at the motor cycle, indicating it to stop. But the pillion passenger looked round the motor cycle increased its speed." It was clear an accident was inevitable.

Mr Edward Emery, aged 38, of Scarisbrick Road, Norris Green, Liverpool, told the hearing that David, the eldest of his eight children, had been in trouble with motorcycling offences.

Mr Tony Ensor, Merseyside deputy coroner, recording verdicts of misadventure, said that the police officers had not acted in any way unreasonably in chasing the youths.

NEWS
IN SUMMARYMPs clash
with party
postponed

Showdown between the Labour MP, Mr Albert Duffy, and his constituency party over claims that he collaborated with the management of a firm planning to make 80 workers redundant, has been put off until after Christmas.

The dispute flared after alleged tape recordings of a telephone conversation between Mr Duffy, MP for Sheffield, Attercliffe, and Mr Brian McAteer, managing director of Darnall, Sheffield, were passed to union officials.

The tapes are alleged to show Mr Duffy to be siding with the Management and undermining union action to save jobs. Attercliffe Labour Party is to discuss the matter at a special meeting on January 30.

Redundancy is
not 'sacking'

"Sacked" is an inappropriate word to describe redundancy, the Press Council repeated today.

It upheld a complaint by Mrs C. D. Tucker, of Rayner's, Lane, Harrow, Middlesex, that having published a headline which implied that Mrs Tucker who had been made redundant, had been "sacked", the editor of the Harrow Observer failed to publish a correction and apology.

New face at
helm of 'TLS'

Mr Jeremy Treglown, aged 35, who is taking over as the editor of *The Times Literary Supplement* in succession to Mr John Gross next month.

Mr Treglown, who is now assistant editor at the *TLS*, taught English literature at Lincoln College, Oxford, and University College London before entering journalism. He has also made his mark as an actor and "raped" the actress Jane Birkin in the film *Il Amante in Blue Jeans*.

Third time unlucky

Pensioners at St Clement's Court, Farnborough, Hampshire, have had their Christmas tree cut down by vandals for the third successive year. A local garden centre has offered to replace it.

A new life at 90

Mr Ted Walbridge, of Ipswich, is planning to emigrate at the age of 90. He is going to live with his daughter in Perth, Australia, where he expects to arrive on Christmas Day.



Shaggy llama story: Mr Frank Bailey feeding some of his herd of eight llamas, native home South America, on his farm in Dorset. The herd started with two animals and even reached 13 before some were sold. Llama wool is used to make capes and hats in the specialist woolen trade.

Joseph's doubt on 16-plus exam

By Diana Geddes, Education Correspondent

The future of the proposed single examination system for pupils aged 16, which is meant to replace CSE and O levels, is in doubt. The Government's commitment to introducing the new examination seems to be weakening.

It is nearly two years since Mr Mark Carlisle, the former Secretary of State for Education and Science, announced that the Government had decided to go ahead with a single 16-plus examination system. No date was given for its introduction, but it was generally expected that it would be in about 1985 or 1986.

However, Sir Keith Joseph, the new Secretary of State, is not yet convinced of the merits of the new examination. Like Mr Rhodes Boyson, minister responsible for schools, who is strongly opposed to the new examination, he is particularly worried about the effect on recognized O level standards and about the feasibility of having a single system of examining at all for such a wide ability range of pupils in subjects like mathematics.

The Government had hoped to publish a document last October, possibly in the form of a White Paper, explaining in greater detail plans for the new examination and setting

a firm introduction date. However, Sir Keith's hesitation has so far prevented that.

A draft "descriptive document" may be sent out for comment to examination boards in January, before the publication of a public document. Whether even that will happen depends on decisions that Sir Keith is expected to take over the next few days.

The all-party Commons Select Committee on Education and Science, which has just finished its report on the school curriculum and examinations for pupils aged 14 to 16, has come out firmly in favour of a single system of examining at 16-plus. However, it recommends that it should be for all pupils and not just for those in the top 50 per cent of the ability range, as proposed.

It is understood that two of the five Conservatives on the committee, Mr Timothy Brinton, MP for Gravesend, and Mr John Osborne, MP for Sheffield, Hallam, voted against the introduction of the new examination.

The select committee recommends that the national criteria on the content, aims and methods assessment, for new examination should be laid down by a reconstituted Central Advisory Council for Education and not by the

Secretary of State, as proposed.

It also recommends that the Schools Council should continue with its present role of functions for school examinations and development of the curriculum. Mr Brinton and Mr Osborne are understood to have voted against that recommendation as well. The select committee's report is not expected until February.

Specialist teacher associations have criticised the proposed draft national criteria for the new 16-plus examination, which have been drawn up by subject working parties of the joint council of the CSE and CSE examination boards.

The latest criticism comes from the association for Science Education, which said in a statement issued yesterday that while it welcomed the Government's proposals for a common examination at 16-plus, it finds the present haste worrying.

The proposals offered "little or nothing" which the average citizen would find worthwhile in his or her general education, "and if the proposals are adopted they could well produce further alienation from science", it adds.

CND 'puts
people
in danger'

By Lucy Hodges

The ability to protect civilians in wartime is worse than at any time since the 1930s, says a new report published today.

It blames the Campaign for Nuclear Disarmament for its opposition to civil defence which, it says, has led to more than 100 local authorities refusing to take part in next year's Hard Rock defence exercise.

CND has campaigned against civil defence, saying that it gives people a false sense of security and makes war more likely because people will think they can survive.

Today's report adds that Labour's successes in gaining control of local authorities has led to the Government's new measures to be implemented, but says the record of Conservative councils is not much better.

Cuts have prevented them from expanding emergency planning teams to have been the lynchpin of the programme, but only Hertfordshire had made a substantial increase.

It says staffing level figures for metropolitan areas show "that just 55 men are now expected to handle all aspects of the time emergency and wartime emergency planning for more than 18,500,000 people".

In Tyneside one person would look after 1,000,000 people. "If war were to occur, then it would be true to say that never in the field of human conflict would so much be expected by so many of so few."

Mr Leigh says civil defence preparations make sense on purely humanitarian grounds. "Ironically," he says, "the mythical insistence of the enemies of civil defence that large numbers would not survive a nuclear attack, maximizes the likelihood of this prophecy coming true."

The report says CND activists have been putting Home Office leaflets through a pulping machine and that Derbyshire's Labour authority relieved its chief executive of his job as wartime controller.

The council urges the Home Office to use its powers to force recalcitrant local authorities to carry out adequate civil defence planning.

County councillors in Mid Glamorgan yesterday decided to have a nuclear-free zone, then immediately accepted a £389,000 tender for an emergency shelter to be used in case of war (Tim Jones writes from Cardiff).

Leaders of the Labour-controlled council failed to explain what is inside the centre, on a Bridgend industrial estate.

'More black
candidates'
call to Foot

By a Staff Reporter

An organization of black councillors has written to Mr Michael Foot, leader of the Labour Party, to protest at the "chronic record" of local Labour parties in choosing blacks as parliamentary candidates.

Mr Russell Proffitt, a black councillor in Lewisham, London, has written to Mr Foot, asking him to insist that the Labour Party should have a policy of choosing black candidates in areas where there is a high proportion of black people.

The letter, from the Standing Conference of Afro-caribbean and Asian Councillors, says that it is very concerned about the lack of support for black candidates in areas where the party normally stands a good chance.

"I am sure you must realize that should such a state of affairs continue, many black and Asian electors will find it extremely difficult to continue to support the Labour Party," Mr Karamata Hussein, chairman of the standing conference, says.

The Institute of London University has been found to have discriminated against an Asian by not considering him properly for promotion and has been ordered to pay £100 in compensation by an industrial tribunal.

The tribunal was not satisfied that the Institute of Neurology, Queen Square, Bloomsbury, had reasonably grounds for deciding that Mr Riaz Khan lacked the supervisory skills for chief of the chemical pathology laboratory.

Homosexual conviction is
quashed by Army Board

From Our Correspondent, Colchester

A soldier convicted of court martial of a homosexual offence has had both conviction and sentence quashed in a race move by the Army Board.

The board gave no reason for their decision on an appeal by Private Peter Biggs, aged 22, of the Royal Army Ordnance Corps, serving with 7 Field Force at Colchester.

But an Eastern District spokesman said: "It is most unusual for the army board to overturn completely conviction and sentence."

Private Biggs was sentenced by a court martial at Colchester last October of "disgraceful conduct of an indecent kind". He was said to have taken part in a homosexual act with another soldier in barracks at Osnabruck, West Germany.

The court was told that Private Biggs had admitted the offence to Army investigators.

In court he denied the offence and said he had only made the admissions because he expected to be discharged from the Army for other offences.

Private Biggs said that at the time of the alleged offence he had been too drunk to know if anything else happened.

An Army spokesman said last night that a soldier had a right to appeal to the Army Board the Army's ruling on a conviction. In this case it had overturned the conviction. Private Biggs was free to resume his service career with an unblemished record.

Euro-MPs vote
for higher
budget spending

From George Clark, Strasbourg, Dec 12

The European Council of finance ministers has been summoned to an urgent meeting in Brussels next week to try to resolve a dispute which has arisen between them and the European Parliament about the size and purpose of the EEC budget for 1982.

When he addressed the Parliament in Strasbourg today after it had refused to approve the Council's spending plans, Lord Carrington, the Foreign Secretary, said it was one of the outstanding problems which remained at the end of Britain's period of presidency.

Parliament had gone beyond what the Council had been prepared to agree. "I can only hope that we are not heading for the third year running towards a budget dispute," he said.

After a series of votes, lasting more than two hours, the European Parliament finished the morning session with its own amended budget figures. The MEPs requested that more money should be made available for the social and regional funds to help economic development in Community countries, and more should go out in development aid to deprived countries.

In fact, the parliamentarians had considerably reduced the demands they made in November. Today's total of extra demands came to £131m in commitments, compared with the earlier figure of £193m, and £116m in payments, compared with £182m.

Against the background of a total budget of about £12,034m in commitments, and £11,381m in payments, the difference did not seem likely to lead to any great confrontation, and there is a period of several weeks during which the Council may make concessions.

Members of the European Democratic (conservative) group in the Parliament said the amount allocated for the poorest of the poor countries.

Mr Nicholas Ridley, Financial Secretary to the Treasury, speaking for the Council of Ministers, said he would urgently consult his colleagues to find out whether they would agree to the new maximum. Parliament would be informed of the results. On the 1981 budget, he said the council agreed with Parliament's request for an extra £32m for social measures to help steel workers.

Some members of Parliament recently involved in negotiations with the ministers complained about what they considered the ministers' stubborn attitude. They said that some countries, notably Western Germany and France, who had called for more to be spent on economic development, were opposed to higher spending when it came to a decision.

There is also a continuing argument about the classification of expenditure, which affects Parliament's powers to influence spending. Signor Aldo Spinelli, the Italian communist who is rapporteur for the budget's committee, said:

"The whole mechanism for negotiations with the Council is absolutely crazy and is a political invention which really obliges the Parliament and the Council to fight." It had to be changed for it could only lead to a repetition of the painful scenes witnessed in the past few weeks.

Herr Erwin Lange, the West German Socialist, who was responsible for plotting the budget through Parliament, said it was "just a patchwork quilt". It gave no idea about the way the Community was going to develop. In the "mandate" discussions, the European Commission must make proposals to change the system.

One of the main points of disagreement is Parliament's decision to increase by £15m the amount allocated for aid to the poorest of the poor countries.

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East wind
hits Paris
motion of
censure

From Charles Hargrave, Paris, Dec 17

The debate on a motion of censure against the economic policy of the French government, was robbed of much of its impact by the dramatic situation in Poland. Some Opposition speakers appreciated this and included in their condemnation of the Government its "timid, hesitated, and almost shameful" stand on the Polish crisis, inevitably the motion was lost owing to the usual massive Government majority of 244 votes to 151.

It was the third the Opposition has tabled against the Government since the left took power seven months ago.

Poland provides the Opposition with a heaven-sent opportunity to point out the internal contradictions of the left, which it has revealed. "We must be prepared to withdraw this motion in a gesture of national unity," M Claude Labbe, the chairman of the Gaullist parliamentary party, said. "But your attitude towards the Polish crisis convinced us to go ahead with it. We do not want the icy wind of Warsaw to blow on France tomorrow," he states.

"How many dead will be required to cause the dismissal of the Communist ministers?" M Jacques Godfrain, the Gaullist proposer of the motion, asked the Prime Minister. "You are promoting the class struggle when the Poles themselves reject it."

The Government and its majority have reacted strongly to what M Georges Sarre, the leader of the Socialist group in the Paris Council, described as "the shocking exploitation by the Opposition for domestic political ends of the tragedy the Polish people are experiencing at present. The Opposition is the prey of a phantasm: to divide the left, and to achieve this, everything goes."

M André Labarrère, the Minister in charge of relations with Parliament, insisted that what bothered the Opposition was that "in the final analysis, you do not care two hoots about the Poles. What you are trying to do is to use them for an internal political operation."

Under the circumstances, the defence of the Government's economic record by M Pierre Mauroy, the Prime Minister, almost went unnoticed. "Economic recovery is at hand. The increase in unemployment is falling. The rise in prices is slowing down. The expansion of agriculture is ensured. The means of coping with delinquency are at hand."

"Gaullism, which can no longer survive, and liberalism, which is discredited, are compelled to borrow their ideas from a few extreme right-wing activists."

"When the right wants to renew itself, it draws from the anti-capitalist and anti-Christian arsenal of ideas which in the first half of this century, produced the catastrophes we know. It would be a strike on the Government's hostility to the Government's policy, democrats allowed themselves to be taken in by false new ideas," the Prime Minister added.

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مكتبة الأمل

From yesterday's
later editions

More people are
watching TV
more, BBC says

On an average day last year about 42 million people, more than 80 per cent of the population, watched at least some television, according to the BBC's annual review of research findings.

It confirms the increased trend in viewing over the past decade, with the amount of viewing each week averaging just under 18.25 hours a person, against the highest level recorded recently.

Tariq Ali admitted

Honorary constituency Labour Party in north London, decided on Wednesday night to grant membership to Mr Tariq Ali. On Tuesday the party's national executive committee had endorsed the recommendation of its organization committee that he should not be admitted to membership.

Mr Ali, a former International Marxist Group member, had appealed to Hounslow to hear his membership application after it had been rejected by Crouch End, his local ward on Monday.

A disqualified driver who ran down and broke both legs of a policeman who tried to stop him five years ago was ordered yesterday to pay him £1,000.

Nicholas Kehoe, who now lives in Germany, was also given an 18-month jail sentence, suspended for two years, after being found guilty at St Albans Crown Court of wanton driving.

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Carrington complains of EEC indecisiveness

From Ian Murray, Strasbourg, Dec 17

A frustrated Lord Carrington stood before the European Parliament this afternoon to complain about the increasing difficulties of getting decisions from the European institutions.

As President of the Council of Ministers for the past six months, the Foreign Secretary was reporting on the work achieved since he took the chair. His report, had it been written by a schoolmaster, would have read: "Tried hard, but could have done better."

He showed there had been failures to get a decision on four of the most important issues Britain had tried to resolve: a fishing policy, an insurance directive, cheaper air fares and, most important of all, a new budgetary mechanism for the Community.

On the credit side, however, he was able to report success in 66 different areas, from sewage sludge treatment through help for the disabled to bringing into force the third international cocoa agreement. They were listed in a 19-page document issued today reporting the achievements of the presidency.

The four issues where the presidency failed accounted for Lord Carrington's obvious frustration. They were what he called the dark side of the picture of the presidency. It was, he said, not to the Community's credit that it had failed to reach agreement on the budget reforms.

He was particularly scathing about the breakdown of negotiations on the telecommunications market. "To their discredit," he said, "the foreign ministers have been unable to agree... because of disagreement over one word."

He pointed out to the parliament that it too had been guilty of hindering the decision process that very day in voting for a 1982 budget in excess of that allowed by community rules.

"The paradox which the community needs to resolve is that in these times of political and economic uncertainty it seems to be becoming necessary, to get decisions."

"We have tried to demonstrate the tenacity and endurance which are needed in every presidency, but even they are not enough if there is no common will to reach conclusions, and that is what I fear has been too often lacking in our deliberations."

Nevertheless, he was proud to be able to report that "progress has been encouraging, particularly in areas such as the environment, social policy and energy policy." Although important things remained to be done, "I have no doubt whatever that we can find solutions," he said.

Lord Carrington's criticisms were largely aimed at failures to resolve internal problems. This was why he obviously so regretted the lack of success in finding a formula for budgetary reform.

"The Community can only advance and prosper if it is able to secure and retain the understanding and support of its citizens," he warned. "To do so it must show itself to be flexible enough to keep pace with a world of rapid change, and dynamic enough to offer a lead rather than simply responding to events."

He complained that "divergence among community states has increased rather than diminished" on economic affairs. He pointed out that it was essential to create the conditions for that non-inflationary growth which is the only source of durable employment. We must resist the easy but fatal options of protectionism.

If he was unhappy about progress within the community, the same was not true in what he said about the Community's external relations during the British presidency.

He spent a good deal of his report on looking at the area of political cooperation, in which he has taken a particular interest. This was because of his firm belief that "the Community should exert an influence in world affairs more appropriate to its position."

He said proudly that he had found in third countries "a growing expectation that Europe will speak with one voice and a growing wish for a dialogue with the West as such."

He ran through areas in which he had been involved in taking the initiative on behalf of the council. In the Middle East, he said, "we have seen the pursuit of peace becoming more, not less complicated," especially by the Knesset decision to take over the Golan Heights, "an act which the governments of the ten strongly deplore."

The Russians bore a heavy responsibility for the terrible suffering which they had caused the Afghan people, and they had to show the political will to remove their army from Afghanistan. He believed the European proposal for Soviet withdrawal was realistic and practical.



Father and son: A single teddy bear rolls down the cheek of Jimmy Wilson after being reunited with his father Jay at a North Carolina bus station after 36 years. Jay last saw his son as a six-week-old baby.

Sana hopes to end rebellion

From Michael Knappe, Sana, North Yemen, Dec 17

The Government of North Yemen is hoping that a meeting in Aden earlier this month between its leader, President Ali Abdullah Saleh, and President Nasser Muhammad of South Yemen will end the guerrilla activities of the National Democratic Front (NDF) rebels in North Yemen.

The summit ended with agreement on plans for wide-ranging political and economic cooperation between the two ideologically opposed Yemen states. Aden radio quoted President Saleh as saying that if the agreement was fully implemented it would be the foundation of a united future.

A more cautious view is being expressed in Sana. The rebels, who are based in the south and east, have established that security checkpoints were lightly manned and relaxed in operation, indicating that rebel activity is fairly minimal.

The Government is convinced that the NDF has survived only because of the backing it has received from the Marxist Government in Aden and that this may be about to end.

According to Dr Abdul Karim Ali al-Irani, the North Yemen Prime Minister, President Muhammad of South Yemen has agreed to the publication of an agreement, reached a year earlier, between the two governments, which states that neither side will support any military, political or press activity against the other.

"In other words, there will be strict adherence to good neighbourly relations," Dr Karim told a group of visiting British journalists.

It was well known, he said, that South Yemen had been a staging post for the Front and if the Aden Government ceased to provide a haven for the rebels, they would become an interior problem with which the Sana Government would have no difficulty in dealing.

The fact that the Aden Government is ready to make the agreement public and adhere to it, even though it was more than a year old, was said by Dr Karim, a "most positive element."

For all the Prime Minister's enthusiasm, however, press reports of the summit made no mention of any pledge of non-belligerence and observers here are sceptical that the Aden Government will abandon the NDF completely.

Dr Karim said the next step in improving relations between the two Yemens would be to complete constitutional proposals for a united Yemeni state. Most of the elements had been agreed by joint committees tackling the details, but the final form of the proposed union was one of the issues that remained to be settled and would be left to the two presidents.

Asked how the negotiations were viewed by Saudi Arabia, Dr Karim said the Riyadh Government was in favour of anything that led to stability in the region and had always given Sana "a blank cheque" in that respect.

A united Yemen, he said, would be a non-aligned state, but perhaps something in between where we are (non-aligned) and where they are (pro-Soviet).

Clearly there are difficulties to be resolved and final agreement on unification of the two Yemens may still be a long way off.

Two Yemens plan closer links

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Reagan makes history in Congress

From Bailey Morris Washington, Dec 17

The ninety seventh Congress adjourned late last night after handing President Reagan two more victories in an historic first session dominated by unprecedented budget cuts and huge increases in defence spending.

In the rush to adjourn before Christmas, the weekly legislative calendar into the night, finally agreeing just before midnight to give Mr Reagan a foreign aid programme and a new farm bill very close to those he had asked for.

Not since the early years of the Lyndon Johnson Administration has a session of Congress been so dominated by a president who had requested and got a series of programmes which represent a fundamental change in the public policy of the United States.

Indeed, Mr Reagan issued a statement through his spokesman claiming seven major victories in the first session of the Congress which begins its second session on January 25.

As itemised by the White House, the victories include: Passage of the biggest defence budget in American history amounting to \$200,000m (about £111,000m); two rounds of unprecedented budget cuts totalling about \$40,000m; the first fully authorized foreign aid programme in three years setting spending levels at \$11,500m; huge tax cuts amounting to more than \$400,000m; the sales of Awacs radar aircraft to Saudi Arabia, and a pared-down, stopgap spending measure for fiscal 1982 creating an additional \$4,000m in budget cuts.

It was a session that initiated a dramatic reversal of a half century of growth in social welfare programmes. Mr Howard Baker, of Tennessee, the Senate majority leader, summed it up by saying: "It is a controversial Congress, but I think almost no one will dispute that it has made more fundamental changes in public policy than any Congress in decades."

Only towards the end of the session, as the deepening recession in America began to bite, did Republicans and Democrats alike dig in their heels and fight Mr Reagan openly.

The one victory claimed by Democrats in the House last night was their successful effort to restore the minimum benefit of \$122 in social security funds for more than three million old people.

Battles over social programmes and Mr Reagan's economic policies will most certainly intensify in the second session when the President outlines his new year requests in the annual State of the Union speech scheduled for January 26.

This session of Congress has passed 10 of the 13 regular spending Bills to fund programmes for the 1982 fiscal year which began in October.

A little-noticed provision of the foreign aid package reduces American contribution to the International Development Association, which makes the World Bank's soft loans. Congress voted about \$700m. Administration officials asked for \$850m.

First phase of arms talks end

From Bailey Morris Washington, Dec 17

The initial phase of the American-Soviet negotiations on intermediate-range nuclear weapons concluded with a sixth formal meeting, lasting 1hr 45mins, at the Soviet diplomatic mission. A communiqué said that after "the Christmas" new year recess to permit the delegates to be with their families", meetings would resume on January 12.

While a news blackout has been in force since talks started on November 30, indications point to serious and difficult negotiations on reestablishing stability of deterrence. In the American perspective, this should be seen in conjunction with the bilateral discussions on strategic intercontinental weapons expected to begin in March.

The United States has also underlined that any limitation agreement must incorporate provisions for stringent verification of compliance.

S Africa gets nuclear fuel

From Bailey Morris Washington, Dec 17

Paris. — South Africa has supplied enriched uranium to be turned into fuel elements in France for the first French-built South African nuclear power reactor. French company officials said.

The fuel elements will be used to start up South Africa's first nuclear power station at Koeberg, near Cape Town, 12 months from now. Framatome, a French consortium building the station, said the plant had undergone successful circuit pressure tests and should go into industrial production in December, 1982.

The South African Electricity Supply Commission has sent us a first consignment of enriched uranium which we are turning into fuel elements in accordance with our contract," M Jean-Claude Leno, Director-General of Framatome, said. "How South Africa obtained that uranium is none of our concern." The French Government has given Framatome permission to process it.

Israeli hope grows for renewed Africa links

From Christopher Walker Jerusalem, Dec 17

As speculation grows about an impending rapprochement between Israel and a number of black African states, Israeli radio has reported that the government is now in contact with seven African governments with which it has no diplomatic ties.

Senior government officials refused to comment on the report, which comes after confirmation that Mr Ariel Sharon, the Defence Minister, recently made an unpublished trip to four central African countries in an effort to promote a resumption of diplomatic relations.

Already President Mobutu of Zaïre has said publicly that he is prepared to resume the ties broken in 1973, but only in concert with other black African governments.

Among the nations named in diplomatic circles here as possibilities are Gabon, and the Central African Republic.

Two main factors lie behind Israel's hope of an end to its diplomatic isolation in Africa: the growing threat of a number of pro-western African governments under Colonel Gaddafi of Libya; and next April's scheduled handback to Egypt of the remaining occupied third of Sinai.

In addition, senior Israeli sources have cited the recently signed strategic cooperation agreement with America and improved relations with the new French government of President Mitterrand as other influences favouring the expected rapprochement.

This dispatch was subject to military censorship.

Sabre-rattling conceals diplomacy

From Robert Fisk, Beirut, Dec 17

Claiming that the Middle East was on the brink of war after Israel's annexation of the occupied Golan Heights, Syria today called for an emergency meeting of Arab foreign ministers to discuss sanctions against Israel.

But the angry denunciations from Damascus and the warnings of an imminent conflict that are coming from Syrian officials are a facade.

Despite all the reports of troop build-ups along the ceasefire line that runs through the ruined village of Kineira, sixty miles south of Damascus, the Syrians have not redeployed a single gun, lorry, or tank on their side of the frontier since Israel announced the annexation of Golan on Monday.

According to official figures compiled by the United Nations Disengagement Observer force (Undof), the Syrians are even now maintaining only 60 per cent of their permitted military strength under the disengagement agreement around Kineira.

The Israelis, it transpires, are also under their permitted strength along the truce lines. UN statistics show that they have redeployed some mechanized units that were thinned out in August and September this year. But, in the words of one senior UN officer, "The Israelis had been at 20 per cent capacity. Now they are back to about 80 per cent."

In layman's language, this means that — for the foreseeable future — neither Israel nor Syria has the slightest intention of attacking each other across the Golan.

It does not, of course, rule out the possibility of a future conflict in Lebanon, the country which Syria has already chosen as its field of battle should a war with Israel become inevitable. But it does confirm American suspicions that Syria is in no mood to attack Israel and that its anger at the Golan annexation is likely to be contained through strictly diplomatic channels.

At a press conference in Damascus this afternoon Mr Iskander Ahmed Iskander, the Syrian Information Minister, stated clearly that Syria still adhered to the disengagement agreement which Dr Henry Kissinger negotiated when he was the United States Secretary of State between Damascus and

From satellite to breakfast table

From Ross Waby, Chicago, Dec 17

Space technology has made it possible for the Gannett company, America's largest newspaper chain, to launch a national newspaper, USA Today, on Tuesday.

Gannett decided on Tuesday to risk up to \$100m (about £52m) on such a venture. USA Today is to become daily fare in 38 key cities around the country from late autumn next year.

The editorial, service, and advertising contents will be gathered together in Washington from the company's network of 35 newspapers, 13 radio stations, and seven television stations, and beamed to printing plants by signals bounced off a satellite.

"From our Earth station we will be able to transmit news, information, advertising and entertainment to an infinite number of satellite receiving stations around the country," said Mr Allen Neuharth, Gannett's chairman and president. Two prototypes of the newspaper were tested during the summer, and company sources said the response was encouraging.

The United States, because of its vastness and regional differences, does not have a national press like Britain. Only the Wall Street Journal and The New York Times approximate to a national press, and each has a specialized readership. Basically, the Wall Street Journal is for businessmen, and The New York Times is for transplanted and travelling New Yorkers.

The National Observer tried valiantly for 15 years to invade the mass market now being reconquered by Gannett before it folded in 1977.

USA Today will not be a pioneer of its pages, because the Wall Street Journal has been doing it for five years.

Mr Neuharth has invested a considerable sum on the idea, preparation having begun in March 1980, when a task force of Gannett executives, employed by a new subsidiary, Gannett Satellite Information Network, began their research.

He is convinced that the American public has a voracious appetite for information, and he is concerned that it is not getting enough of the material gathered by the company's 4,168 journalists.

"Analysis indicates we now produce only about 20 per cent of the news and information which we gather," he said.

Democracy defies the African sun to flourish in Senegal

From Godfrey Morrison, Dakar, Dec 17

Multiparty democracy has a very poor survival record south of the Sahara. Almost everywhere it has withered in the African sun, to be replaced by military or single-party civil rule. But in Senegal it flourishes.

With the official recognition last week of the Senegalese Popular Party (PPS), which wants to replace French as the official language with Wolof, the country now has 11 political parties.

Unlike Nigeria and Ghana, where civilian pluralism was revived after violent coups and lengthy periods of military rule, in Senegal it has been peacefully conceded by a civilian establishment which has ruled the country unchallenged since independence from France two decades ago.

First moves to democratize political life here were taken by President Leopold Senghor who in the past five years legalized three opposition parties and then surprised everybody by voluntarily retiring at the end of last year, to be succeeded by Mr Abou Diouf, a former top civil servant and then Prime Minister.

Now President Diouf befriends the Senegalese political scene not simply because he is the world's tallest head of state — 6ft 6in in his socks — but because he has shown himself to be an unexpected by-product of a surprising civil servant and then Prime Minister.

When rebels briefly overthrew President Jawara in August, President Diouf took the difficult decision to intervene quickly with Senegalese troops, and since then has set in train the plans to form a Senegambian confederation.

He has also greatly liberalized domestic politics by abandoning his predecessor's policy of restricting the number of political parties to four, and has thrown the doors open to all comers, so that this is now probably the liveliest political city in Africa.

If anything the increase in the number of political parties has strengthened the ruling Socialist Party as it has encouraged opposition splintering.

Senegalese have long spoken of their former president with a mixture of affection, pride and exasperation: affected because he was a humane and liberal leader who kept the peace in an ethnically diverse country whose politics are complicated by the power of rival Islamic brotherhoods; pride because he reflected prestige on Senegal through his international reputation as a man of letters and a French-language poet of the first rank; and exasperation because of a seeming indifference to the country's minimal economic progress.

A couple of years ago in the middle of one of the country's recurrent economic crises, Mr Senghor issued a decree on punctuation.

President Diouf cares little for the niceties of the comma or the semi-colon, but he is very exercised by the full stop which threatens the economy.

The economic stabilization plan, including a stringent government retrenchment, is largely Mr Diouf's brainchild and work is at last under way on the ambitious plans to harness the hydroelectric and irrigation potential of the Senegal River, as well as on plans for chemicals industry and the development of fisheries.

President Diouf has also been highly successful in getting international pledges to see the country through.

But perhaps the best thing that has happened to Senegal in its first year under his presidency has been plentiful rainfall, which after years of drought promises a good groundnut harvest.

NEW YORK DUSTMEN END STRIKE

From Michael Hamlyn New York, Dec 17

A tentative agreement hammered out in talks that lasted all through the night looks like ending the dustmen's strike that has filled rooftops and streets in the city with rubbish.

The agreement, which has to be ratified by a meeting of the striking Teamsters, came as city sanitation lorries each with a police escort started to pick up the 100,000 tons of rubbish that has been piling rotting in the winter's damp chill.

The strike has been against the private carters, who pick up rubbish from commercial premises including restaurants, private hospitals, and offices — and not the municipal department, which services private households.

Lagos fire deaths

From Michael Hamlyn Lagos, Dec 17

Lagos. — The terms of an official investigating panel appointed by President Shugu Shagari of Nigeria appear to suggest that several lives may have been lost in Monday night's fire in Lagos which destroyed the Foreign Ministry and Ministries of Science and Technology and Information. Earlier reports had spoken of one dead.

China to aid Sudan

From Michael Hamlyn Khartoum, Dec 17

China will provide military assistance to Sudan, following a visit to Peking by General Abdul Masid Hamid Khalil, the First Vice-President.

THE STAFF AND STUDENTS OF
BIRZEIT UNIVERSITY
APPEAL TO ALL TEACHERS IN UNIVERSITIES, COLLEGES AND POLYTECHNICS

Birzeit University in the Israeli-occupied West Bank has been forcibly closed by the Military Government, ostensibly because of two days of student protest, but in fact as part of a general policy of repression. Our freedom to pursue our academic research, teaching and studies has been violated.

We feel that the collective punishment imposed on us should be a matter of concern to scholars and teachers all over the world.

We ask for your support in our attempts to re-open Birzeit University.

Please fill in this form, and send it to:
FRIENDS OF BIRZEIT UNIVERSITY,
19 Southwark St, London SE1.

I call on the Israeli military authorities to re-open Birzeit University.

NAME _____
ADDRESS _____
POST _____
INSTITUTION _____

HARDS
CHRISTMAS SPECIAL OFFERS
Decorations, cards, gifts, etc.
One week only, from Dec 17 to Dec 23
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Inside Poland: Roger Boyes reports

Spontaneous strikes defy military solution

Poland is still wracked by spontaneous labour unrest despite the efforts of the new military leadership to cordon off and at times forcefully break up strikes and strikes at factories throughout the country. This situation has been at least partially admitted by the official media which have reported continuing "irresponsible acts" by workers.

The immediate difficulty in judging the scope of the strike wave is the country's shift system. The authorities will often report that they have cleared a strike but within hours there is a change of shift. The new workers then enter the factories and a substantial part of the old shift are persuaded to stay.

This confusion goes some way towards explaining the conflicting reports emerging from the Lenin shipyards in Gdansk about the strike, which has either been successfully ended (according to the officials) or is sporadically continuing (according to Solidarity sources).

But it is clear that there is considerable unrest not only in the traditionally militant factories—Nowa Huta in Cracow, Huta Warszawa in Warsaw—but also in the coal mines in Silesia and in Poznan, Lodz,

Wroclaw, Radom and Katowice.

The pattern of breaking the strikes is that troops, usually backed by armoured personnel carriers, surround the factories, the factory management relays an ultimatum to the strikers and without any delay for negotiations, the soldiers then go in. There have been no reports of serious injuries and, apart from conflicting reports from Cracow, shooting seems to have been avoided.

At the Nowa Huta steel works, some travellers report as many as six people shot, while other reports state that there was shooting but only above the heads of the crowd. Foreign correspondents, who apart from a radio and television blackout, have been banned from leaving Warsaw, have been unable to confirm the stories one way or another.

The only lasting solution is the closing down of the factories concerned. The military have done this at the Ursus tractor factory, a traditional source of worker militancy. But this only creates more problems than it solves. The Army clearly cannot close down every factory in the country.

This is particularly evident in the coal mines of Silesia,

where some 20 pits are out of action.

All of this points to a role of some sort for Solidarity, the trade union, which is facing serious inhibitions on its activities.

Mr Lech Walesa, the leader of Solidarity, although in Government hands, is insisting that he will only make a decision on the union's attitude to martial law, with the full praesidium of the union, which implies that a number of the interned activists would have to be released.

The Roman Catholic Church too, though careful not to attack the new leadership, has called for the release of the interned, for the freedom of the union to operate within its legal bounds, and for the continuation of the process of democratic renewal.

There are thus clear bounds on the military's economic, religious, and the simple inability to cope with all of its various tasks. But the military is seeking in the first instance a military solution.

The Communist Party seems to have disappeared, at least temporarily, from the political landscape and the Army seems to be content to solve the national problems by simple military means.

The economy

US bankers balk at request for loan

From Bailey Morris Washington, Dec 17

American bankers are taking a much harder line than their European counterparts on Poland's request for help in meeting \$500m (£280m) in late interest payments owed to Western banks, a senior State Department official has disclosed.

In hastily-called meetings American banks yesterday decided to adopt a tough position on Poland in order to force the Soviet Union to produce the money Poland owes by December 31.

American banks are hoping the Russian bear will blink in order to pay the interest it owes to 450 bank on loans totalling \$2,400m.

Directors of an estimated 20 American banks met separately to discuss the Polish request, the official said.

Some of America's largest banks are involved, including Bank of America, Citibank, Morgan Guaranty, Chemical Bank and Manufacturers Hanover Trust.

Most reacted negatively to the request with directors expressing doubts if Poland will be able to repay what it owes.

Altogether, Poland owes about \$1,800m to 50 American banks and another \$1,800m to the American Government. This is a small portion of the debt which is held largely by Western banks who are more anxious to reach agreement with Poland, one banker said.

Of the \$500m in interest due to Western banks this month, American banks are due only about \$100m.

Despite their pessimism over Poland's ability to repay, the banks are not likely to refuse the Soviet Union will come to the rescue in order to preserve the fragile credit line to Western banks Poland so desperately needs.

It is highly unlikely that American banks or indeed the Polish Government, which will agree to provide Poland with new credits until overdue payments are met, a Citibank official said.

He declined to comment on reports that Citibank sent a message to this effect to the Polish Government yesterday. "I don't think you'll see many new credits or new loan restructure agreements until there is some movement on past-due payments," the banker said.

Brussels: Poland's request for the bridging loan also received an unenthusiastic response from European bankers today (Peter Norman writes).

Although the banks have done no more than formally acknowledge that the request has been received, many bankers privately say they cannot imagine Poland getting the money from anywhere except the Soviet Union.

"It is part of a super poker game," one West German banker said. "The Soviet Union will have to give the money to the Poles in the end."

The continuing news blackout from Warsaw has done nothing to increase the confidence of bankers. One banker close to the Polish debt problem said today that the request would have to be dealt with in face-to-face negotiations with the Poles, but there was no indication in the case of the Handover that the Poles were willing or able to participate in such talks.

POLISH NEWS

IN SUMMARY

Coal supply halted

□ Hamburg: Polish coal deliveries to West Germany and West Berlin will total one million tonnes this year, only 40 per cent of the contracted amount, a spokesman for the German Coal Association said today.

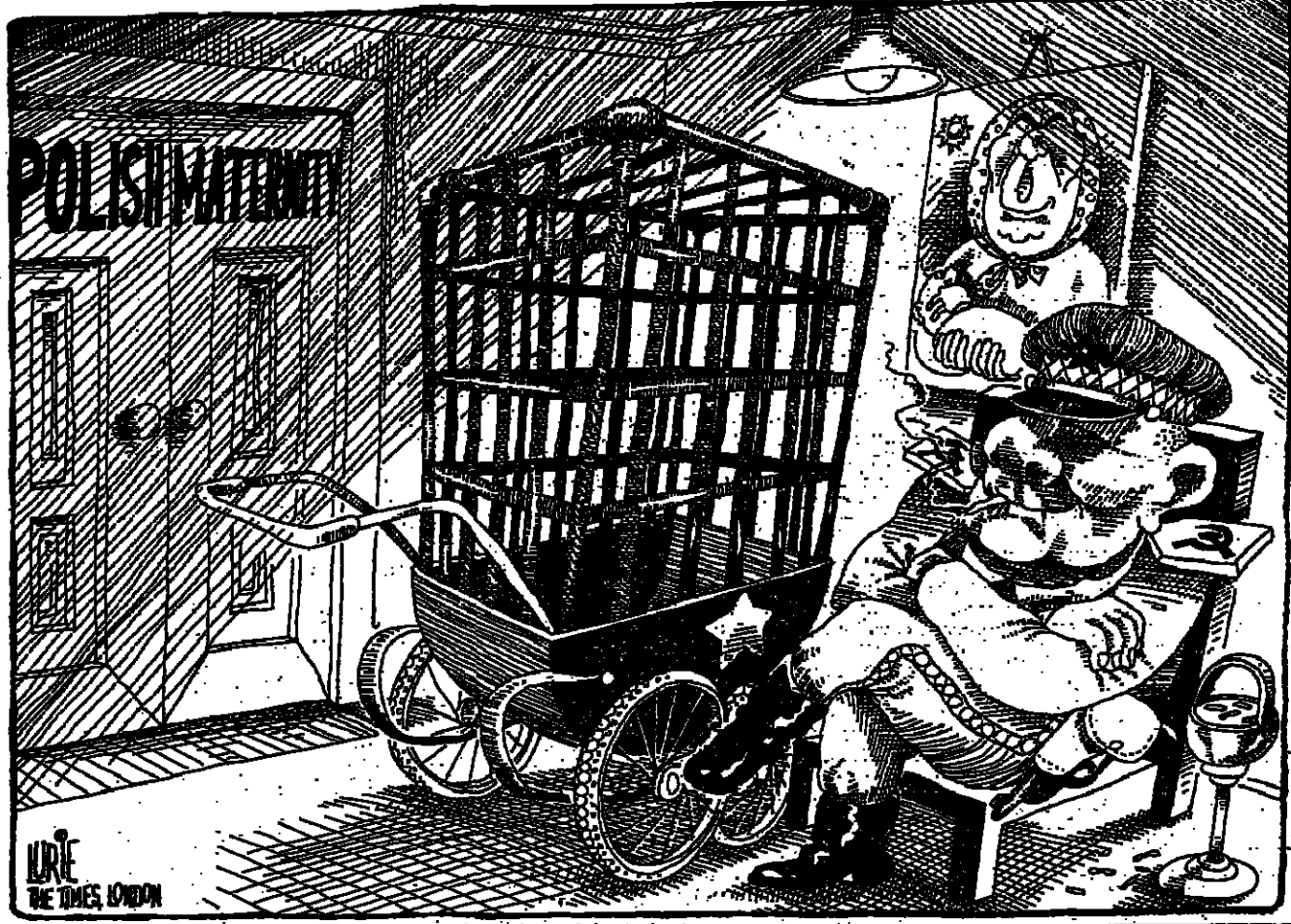
But the Pol-Kohle GMBH spokesman said the company had firm commitments for increased supplies in 1982. No coal has left Poland for West Germany since the imposition of martial law, he said.

□ A demand that British trade unions should sever all links with the official "phony" unions in the Soviet block was made by the Polish Solidarity Campaign in London yesterday. (Our Foreign Staff writes).

□ Paris: M Pierre Mauroy, the Prime Minister, said yesterday the military takeover in Poland was contrary to the Helsinki agreements and that the French representative to the Madrid conference on European security would say so (Charles Hargrave writes).

□ Geneva: A "Light a Candle for Poland" appeal for people in Poland, Switzerland and other countries was issued yesterday by the Protestant and Roman Catholic Churches here (Alan McGregor writes).

□ The Polish military takeover was an abortion of history, having nothing to do with socialism, Señor Santiago Carrillo, the Spanish Communist Party leader, said (Richard Wigg writes).



The view from the West

Torch of liberty will burn, says Reagan

From Nicholas Ashford, Washington, Dec 17

President Reagan issued a warning today that it would be impossible for the United States to continue trying to help Poland to solve its economic problems if the Polish people were not allowed to resolve their own problems free of internal coercion and outside intervention.

In the toughest American statement on the Polish crisis since martial law was declared last weekend, the President made it clear that the United States was prepared to take punitive measures against Poland if the communist authorities in Warsaw continued their purge of trade union leaders and intellectuals. However, he repeatedly refused to spell out what action the United States might take.

Addressing the sixth press conference of his Administration, the President also made it plain that the United States believed the Soviet Union was behind the Polish Government's decision to crack down on the Solidarity free trade union movement.

Coercion and violation of human rights on a massive scale have taken the place of negotiation and compromise. All of this is in gross violation of the Helsinki Accords of 1975, he said, and the legal rights of free trade unions previously granted by the Government are now denied.

The President called on all free people to join in urging the Polish Government to re-establish conditions that would make constructive negotiations and compromise possible.

"Certainly it will be impossible for us to continue trying to help Poland to solve its economic problems while martial law is imposed on the people of Poland, thousands of whom are imprisoned and the legal rights of free trade unions previously granted by the Government are now denied."

The President said that Poland, speaking through Solidarity, had provided one of the brightest, bravest, moments of modern history. Left

only action taken by the United States so far has been with a mixed response.

The Administration has been deeply conscious of criticisms being made in Washington comparing its relative inaction over Poland with President Carter's handling of the crises in Iran and Afghanistan.

The President said the Administration was determined that the imposition of martial law in Poland had led to the arrest and confinement, in prisons and detention camps, of thousands of Polish trade union leaders and intellectuals.

Factories were being seized by security forces and workers beaten, he said. "These acts make plain there has been a sharp reversal of the movement toward a freer society that has been underway in Poland for the past year and a half."

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to themselves, the Polish people would enjoy a new birth of freedom.

But there are those who oppose the idea of freedom, who are intolerant of national independence and hostile to the European values of democracy and the rule of law.

"Two December ago, freedom was lost in Afghanistan. This Christmas it's at stake in Poland. But the torch of liberty is not," the President declared.

It burns those who try to extinguish it.

The colossal disaster

□ Strasbourg: In his most outspoken statement to date on the crisis in Poland, Lord Carrington today called for the release of all those who had been detained since the military takeover and an early resumption of the process of negotiation and consultation in the country (Jan Murray writes).

"This alone," he told members of the European Parliament meeting here, "can produce a solution to Poland's problems."

Lord Carrington, who was reporting on the work of Britain as President of the Council of Ministers for the past six months, said that at the moment he was ready to arrange urgent consultations on the Polish issue if they became necessary.

His analysis of the situation was extremely gloomy. In the 48 hours since the EEC Foreign Ministers had met in London, he said, "the Polish crisis has continued to darken."

He went on: "We are familiar with natural disasters; but here in the heart of our continent is a man-made disaster on a colossal scale. Although news is censored and com-

munications cut and diplomatic facilities suspended, we read of arrests, detentions and evictions. There has almost certainly been some loss of life. There is an ominous silence about the fate of Lech Walesa."

Lord Carrington said he did not want to judge the situation since whatever and second, there must be an early resumption of the process of negotiation and consultation, including the release of those in detention.

He noted that assurances about this had been given by "what is called the Military Council of National Salvation." The Parliament and the world, he said, would be watching to see how these assurances were put into effect.

Lord Carrington's statement takes a much tougher line than the one issued on Tuesday by the ministers of the Community at their informal London meeting. That is because reports of the situation have now confirmed that the military takeover has been complete.

Although reports that Soviet transport aircraft have arrived in Warsaw have not been taken as proof of use of Soviet troops, Lord Carrington has sought to underline the dangers of any possible Soviet involvement.

It seems that Solidarity is not working openly in the country, although transport to Warsaw has been somewhat disrupted and workers have been occupying their factories in the provinces rather longer than has been possible in Warsaw.

The view from the East

Crisis birthday for Soviet leader

Moscow, Dec 17—East European leaders began arriving in the Soviet capital today for celebrations to mark the seventy-fifth birthday of Saturday of President Leonid Brezhnev.

Mr Brezhnev's birthday, like his seventieth in 1976, is being treated as a big event in the Soviet calendar and has been celebrated with books, films, television documentaries, special exhibitions and fulsome praise in the official press.

Usually reliable sources said leaders of the Soviet Union's past career which has been most highlighted recently by the Second World War when he was a political commissar with the 18th Army. Less has been said recently about his contribution to the development of agriculture, perhaps because the Soviet Union has had three bad harvests in a row.

Big prominence has also been given to his role as an international statesman and as the "architect of détente," Mr Yuri Zhukov, a veteran commentator for the Communist Party newspaper, Pravda, referred in an article today to Mr Brezhnev's rank of Marshal of the Soviet Union and dubbed him Marshal of peace.

Mr Brezhnev was once widely rumoured to want to cap his career by becoming the first Soviet leader to retire voluntarily, or on obvious grounds, but has been groomed and foreign diplomatic analysts of the Kremlin scene now believe that he will stay at the helm as long as his uncertain health permits.

Nothing is said publicly about Mr Brezhnev's health but he is known to have suffered for some years from a variety of ailments which have been kept extended since last month, he proved he was still fit enough to carry out foreign trips, by traveling to West Germany, where he seemed to many observers to be in better shape than on his previous visit there in 1978.

Yugoslav commentary angers embassy

From Dassa Trevisan, Belgrade, Dec 17

The Polish Embassy in Belgrade has lodged a protest against a commentary relayed last night by Belgrade television which raised misgivings about the claim that Poland was threatened by counter-revolution and blamed the Polish Communist Party's failure to meet popular demands for the present situation.

The commentator, Mr Milica Sundic, is known for his outspoken criticism of the Soviet Union. This time, in strong doubts whether martial law can provide an effective solution to Poland's problems, he went beyond the "official" Yugoslav view which was that the state of emergency should be as short as possible and all countries should refrain from meddling.

Mr Sundic, however, said that the martial law was a "necessary evil" imposed on the ground that Poland was threatened by counter-revolution.

The most important thing now, he went on, was to stop the lesser evil from turning into a bigger one and to avoid bloodshed or foreign intervention. Fear of this should not be a reason for prolonging the martial law indefinitely.

He said that the present situation should be called by its proper name: a state of emergency, meaning nothing else but military rule. In other words, this was an admission that the Polish Communist Party had failed the test and there was no "greater failure" than for a Communist Party to lose the confidence of the working class.

This was not to say that it was impossible for the party to regain confidence. But Mr Sundic doubted whether military rule was the right way to do it: The Polish Communist Party had not met the demands and expectations of the Polish workers who had been betrayed several times in the past. It was questionable whether any rule could give them what the party had failed to provide.

The Yugoslavs have repeatedly sounded warnings against any attempt to interfere in Poland's affairs and Mr Sundic said that this would be extremely dangerous. But the Yugoslavs clearly feel that the longer martial law is maintained, the greater is the danger of the crisis deepening still further.

Yugoslav journalists in Warsaw in their dispatches speak of growing concern as strikes, especially in the large industrial centres, continue. The correspondent of Tanjug, the official Yugoslav news agency, said that the workers in Poland's largest steel mill in Cracow had laid down tools and security forces intervened to break up the strike.

A six-in was reported in two more factories in Cracow as well as in several industrial centres in the large industrial centres, continue. The correspondent of Tanjug, the official Yugoslav news agency, said that the workers in Poland's largest steel mill in Cracow had laid down tools and security forces intervened to break up the strike.

In Lodz crowds gathered in the city centre and were dispersed by security forces. Several people are said to have been arrested.

The anniversary today of the Baltic riots in which many people were killed 11 years ago provoked further tension throughout the large industrial centres. Warnings relayed continuously by Polish radio and television claimed that the young were being misled by anti-Communists and explained what the actual law meant.

In the past 24 hours, more than 20 officials have been dismissed, mainly factory managers who are believed to have ignored orders given under emergency regulations. This indicates that medium-rank party officials, especially in the provinces, are joining in the protests against martial law. Yugoslav sources also report that the reactor at the Naval Academy in Gdynia, has been dismissed.

Yugoslav reports also speak of increasing difficulties in market supplies of long queues for bread, which has been rationed at one kilogram a person a day.

Travellers tell of tension and courtesy

By Robin Young and Simon Scott-Plummer

Passengers on the first flight out of Warsaw since the military takeover painted a picture of tension and sorrow in Poland when they arrived at Heathrow airport, London, last night.

Foreign nationals who succeeded in getting on board Flight LO 355 due at 9.30 am finally touched down at Heathrow shortly after 7 pm. Delays had been attributed to strict security control at Warsaw airport.

Mr Bohdan Rybinski, a Polish-born businessman from Surrey, said: "There was a considerable show of strength—tanks on the streets, soldiers at every corner, with police more in the background. The army were strict but polite. We were not allowed to take any pictures or to go out on the street at night."

The atmosphere is very bad," Mr Zigmunt Kollard, who had gone to Poland with food parcels, said he thought most Poles had accepted the new situation. However, he did not have the impression that Solidarity was defeated.

Mr Larbi Meddeb, a Swiss who had been in transit for only one day but forced to stay five, found the atmosphere in Warsaw "very easy going."

□ A British teacher and an elderly man who did not want to give their names said the Solidarity offices in Warsaw had been smashed up by Polish troops and water pipes cut so the offices were flooded (the Press Association reports).

"Many people are being arrested for putting up posters, but the soldiers are being very friendly," said the teacher.

Mrs Georgia Pendleton, from Driffield, Yorkshire, arrived in Warsaw with food for friends shortly before the takeover.

"The atmosphere changed immediately," she said. "We didn't even feel safe walking in the streets. On the whole the soldiers were polite and courteous, but there were masses of police around and we were told by our friends to keep out of their way."

The refugees



Trains of hope that passed in the night

An Austrian woman and her child (above) learn the news in Vienna that her Polish husband, whom she expected to see, had gone to meet her in Warsaw after hearing of military rule being imposed. Their son (right) waits and weeps.

The woman travelled on the Chopin Express from Warsaw to Vienna which, during the night, passed the train from Vienna to Warsaw with her husband on board.

Road and rail links in and out of Poland have been cut or severely delayed. All foreigners are being prevented from entering from neighbouring East block countries.



هكزام الأمل

Pretoria offers Namibia plan guarded welcome

From Michael Horasny, Johannesburg, Dec 17

The West's revised constitutional guidelines for an independent Namibia (South-West Africa) which include important new details on the method of electing a constituent assembly, were handed over today to the South African Government in Cape Town and to the so-called internal political parties in the South African administered territory.

The proposals will today and tomorrow also be presented to the front-line black African states (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe), Kenya, Nigeria and the South-West Africa People's Organization (SWAPO).

After receiving the proposals, Mr R. F. Botha, the South African Foreign Minister, said that the independence process appeared to be "still on the track".

The proposals were presented at a meeting between Mr Botha and ambassadors of America, Britain, Canada, France and West Germany, the five western powers, and the "contact group" which has been seeking an internationally acceptable independence for Namibia since 1977.

The main innovation in the revised guidelines, which seek to reconcile the often conflicting criticisms of the West's original proposals of last October, is the much amplified and more specific section on the elections to the constituent assembly.

The West now says that half the seats in the assembly should be elected by proportional representation, with parties being represented in exact proportion to the number of votes they receive, and the other half on the basis of single-member constituencies containing as nearly equal a

number of inhabitants as is practicable.

In an accompanying explanatory memorandum, the western five say that this will mean that each voter will have two votes, "one to be counted on the level of a single national constituency, the other on the basis of his local constituency." (The model for this scheme is clearly the West German electoral system.)

The memorandum also says unequivocally that "there is no intention to reserve seats in the assembly for ethnic groups."

The West's proposal is highly ingenious. It meets the black African demand for one-man-one-vote elections but could conceivably deny SWAPO the two-thirds majority of the constituent assembly required under the constitutional proposals for adoption of Namibia's constitution.

Many observers believe SWAPO could win up to 70 per cent of votes cast. If the constituent assembly has a total of 50 seats (the size of the existing legislature) SWAPO would have 17 or 18 of the 25 seats elected by proportional representation.

To command a two-thirds majority, SWAPO would need to win 16 or 17 of the remaining 25 single-member constituencies. This could be difficult as SWAPO's chief support comes from the Ovambo, who constitute 47 per cent of the population but are concentrated in the north.

The new proposal is a multi-ethnic Democratic Turnhalle Alliance and smaller parties to win between them more than a third of the assembly seats. They would then have some say in the formulation of the constitution.

Appeal to West

Luanda, Dec 17—Angola appears to be sending messages of despair to the West over Namibia as time runs out for the Lusanda leadership to secure the solution of a problem that is crippling the country.

The most significant move came last week when President José Eduardo dos Santos offered to negotiate with the United States at any time.

He did so days after Mr Alexander Haig, United States Secretary of State, received the main opponent of the Government, Dr Jonas Savimbi, head of the National Union for the Total Independence of Angola (Unita).

Yesterday the Portuguese state radio in Lisbon quoted Mr Adriano Amorim, of saying his country would be willing to talk to Dr Savimbi if he gave up his links with South Africa.

Angola's Embassy in Lisbon today denied its ambassador had said his government was willing to hold talks with Dr Savimbi and alleged press manipulation of his remarks.

Angola has made offers to the United States before, but the timing of President Dos Santos's latest proposal lent it special weight. It took a good deal of political courage for the President to hold out an olive branch to the United States immediately after the Reagan Administration had lavished official attention on the man his Government has branded an arch-enemy.

Soviet diplomats in Luanda scoffingly commented that there was nothing new in the offer and said that President Dos Santos's condemnation of Unita's internal affairs was far more important.

However, in a news summary the official Angolan news agency Angop only gave two extracts from the speech: one contained the President's offer and the other quoted him as praising American businessmen.

President Dos Santos, cast as an increasingly isolated

figure, has been reported to be one of the most divisive within Angola's fragmented leadership. The fact that President Dos Santos has so closely identified himself with a negotiated solution could mean that not only the future of Angola but his own political survival now depends on America's reply to his latest offer.—Reuters.

European space flight delayed

From Clive Cookson, Kourou, French Guiana, Dec 17

Fuel supply problems have delayed the fourth and final test flight of the European rocket Ariane by at least 24 hours.

Officials at the French Guiana space centre were working feverishly today on the plates connecting the liquid oxygen supply to Ariane's third stage. Last night, just before liftoff, they found a defect in the mechanism that locks the plates in place until the fuel tanks are full.

If the problem is solved as expected, the European Space Agency's rocket will take off on Saturday night (early Sunday morning GMT).

The French-dominated team of space scientists and engineers is anxious to put on a perfect show for the representatives of organizations—satellite and other customers—who have flown in.

So far the European Space Agency and ArianeSpace (the company that will produce and market Ariane) have firm bookings to launch 21 satellites.

Britain has contributed only 2.4 per cent of Ariane's £500m development costs.

PARLIAMENT December 17 1981

MPs demand fares debate

LORDS RULING

Demand for Labour MPs, led by Mr Michael Foot, to move to the Prime Minister and the Leader of the House, for an early debate on today's court decision on London Transport fares.

Mr Foot said the House should have a chance to pronounce on what it thought was a fair fare policy for London.

There is to be a debate tomorrow on a private member's motion on communications in London and the south-east. But Mr Foot said that this could be no substitute for a proper debate in government time.

The exchanges began when Mr Foot asked: has the Prime Minister had a chance today to study the House of Lords judgment on London fares? This judgment is bound to have, if carried out, a major impact on the transport of passengers in London and the south-east.

Mr Foot said: "I am sure that the House will be interested in what it thinks is a proper and fair fare policy for London." (Loud cheers.)

Mr Foot said: "First of all, one must look in detail at the House of Lords judgment before rushing into an instant solution or inchoate legislation to make this important as this, clearly a period of reflection is called for."

Mr Foot said: "The House of Lords judgment is a landmark. It is a landmark in the history of the House of Lords. It is a landmark in the history of the House of Commons."

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that particular respect is that London Transport has a duty to budget, to make a reasonable effort to break even, recognising that in present circumstances it may well not do so.

The previous year's budget, set on the basis that there would be a £30m subsidy from the GLC, constituted just such a reasonable effort, and that subsidy in itself is not unlawful.

Mr Foot: The Prime Minister has not had time to study the debates in which she took part several years ago on the matter when the Bill was passing through the Commons.

The whole question of what was economic and not economic was considered then. Should we have an objection to the Bill in the terms it went through. Will she consider urgently the possibility of legislation to make this matter absolutely clear and for the House itself to have the chance to pronounce again on what it thinks is a proper and fair fare policy for London? (Loud cheers.)

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Borough of Bromley, may I ask Mrs Thatcher to take another opportunity to congratulate any other colleagues on that count who, by their successful action against the GLC, have brought relief to millions of hard-pressed ratepayers throughout London?

If the Commons allow, her to contribute to a debate on a private member's motion tomorrow on communications in London and the south-east.

Mr Thatcher: I congratulate Mr Foot on his motion. I am sure it will be a very interesting debate. Mr Foot has a great deal to say on this matter. I am sure it will be a very interesting debate.

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Mr Thatcher: I congratulate Mr Foot on his motion. I am sure it will be a very interesting debate. Mr Foot has a great deal to say on this matter. I am sure it will be a very interesting debate.

The Speaker: We try in this House to respect the judiciary as we expect the judiciary to respect us. If we can leave that matter there.

I hope we are not going to pursue this. It is the judgment of the House. To accuse the motion of people in the judiciary will be as out of order as it would be to accuse people of dishonouring or undignifying the House.

Mr Dennis Skinner (Sunderland, Lab): It is a matter you ought to rule on in view of the fact you seem to want the House not to rule on the judgment of the House of Lords and their decision. I understand that.

The Speaker: Just to help you to save us all having a clash, as long as you understand you are not free to criticise the motives of the House of Lords, I will allow Mr Skinner to do so.

The Speaker: It sounds as if we are going to get on better than I thought. (Laughter.)

Mr Skinner: The point you have to clarify is while it seems that reference to the law lords position as being politically involved in the decision of the House is wrong, the Prime Minister in an earlier contribution laid great stress on the fact that in this matter was dealt with in the first instance by a Tory-controlled council. She went on to say that she was not prepared to rearrange the deck chairs while the Titanic was sinking. There should be even handedness on both sides.

The Speaker: It is always important in this House to be even handed. I have no doubt if and when a debate takes place, there should be a fair and balanced account of both local authorities involved. That is entirely different from an attack on the motives of the House of Lords.

After Mr Francis Pym, Leader of the House had announced the business for next week, Mr Foot asked a question.

Mr Foot: I am sure that the business for next week so we can have a full debate on the serious question of the House of Lords. I am sure that the House will be interested in what it thinks is a proper and fair fare policy for London.

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THE ARTS

Television

Witty investigation of the party line

"Heezy my boy friend," explained the Great Verdim, Children's Entertainer, fetching a large doll with rolling gobstopper eyes from a well-worn case. "Only heezy very naughty boy, heezy winking on the girls." Pause as small, worldly London faces — but not that worldly — question the outrage to come: they are to tell The Great V the split-second misbehaviour occurs. "Did he? Did he winking?" "YES!" came the shrill chorus accompanied by rude fart noises and boos.

All very different in Gloucestershire, where Lucy Nicky and their guests waited for Mrs. Eggwinkle (who had secretly changed in the car, parked well out of sight by the stables) to emerge from the cove behind the dam and trot up the field to the house, where she proceeded to take charge with a blend of extempore Edwardian courtesies and wandering melodic line.

The cinematography of Philip Bonham Carter, whether he directs films or merely photographs them for other directors, is distinguished by a patience, intimacy and gentleness which never become sentimental: he keeps his cool and is often very funny. *Children's Parties* was characteristic, and brought the first half of Roger Miller's occasional *Forty Minutes* (BBC 2) series of documentaries to an exhilarating close (there will be 13 more in the New Year).

I do not believe in instant classics, but I would hazard a guess that this breathtaking programme might prove to be one. Eight celebratory and bizarrely varied occasions were presented without commentary or extraneous soundtrack, and photographed and edited, respectively by Anthony Bragg and Graham Shipman, with a confidence which gave essentially spontaneous material a firm yet fluent shape.

Michael Ratcliffe

Dance

Romeo and Juliet

Covent Garden

Jennifer Penney has had to wait a long time for her first Juliet, which finally came at Covent Garden on Wednesday. It is not surprising that her singularly limpid style, which lets the movements speak for themselves without imposing a heavy personal interpretation on them, should have led to her being cast often in roles where her smooth, flowing technique was the prime consideration. But she has several times shown that her limpidity can work equally well to display a dramatic role, and this was no exception.

The childishness of the heroine in the opening scenes of MacMillan's ballet does little for Penney; this is where the dancer needs to force credibility into an improbable situation, and that is probably not within her range. The second act of the work has little for Juliet, so it was in the last third of the evening that she really made a strong impact. Surprisingly, the quality she brought out most strongly in Juliet was vehemence: in the way she grappled Romeo to her in an effort to prevent his leaving, in her anger at her father's bullying, even in the way she finally stabbed herself. Her face keeps its placid surface

John Percival

London Festival Ballet

The Nutcracker

Music by Tchaikovsky

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Greater London Council
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"...a bold, disturbing picture."
"...remorselessly realistic and totally uncompromised."

Christiane F.

NOW SHOWING

Prince of the City (X)

Warner West End 3

Lady Chatterley's Lover (X)

Leicester Square Theatre

Arthur (AA)

Warner West End 2

The Eye of the Needle (AA)

Odeon, Leicester Square

Heavy Metal (AA)

Selected Odeons and Classics

Sidney Lumet arrived from television a quarter of a century ago, bursting portentously into films with his still admirable *Twelve Angry Men*. Since then his career has been uneven, embracing the awful (*The Witness*), the kind of art that is seen to be done (*The Pawnbroker*, *Long Day's Journey into Night*), the dully conventional (*The Seagull*, *Murder on the Orient Express*), the flashy and meretricious (*Network*). There is no question of his energy, though, or that his best work has fairly consistently been in films, like *Serpico* and *Dog Day Afternoon*, located and shot in his native New York and with real subjects.

Prince of the City is very much a companion piece to *Serpico*, set in the same locale and period (the early Seventies), firmly based on facts, and again about a policeman informing on corruption in the force. The book on which the film is based is the story of Bob Leuci, a New York detective assigned to the elite Special Investigation Unit — fancy rather than plain-clothes policemen, with special duties, special privileges and special opportunities for profitable side-lines.

Leuci, however, was recruited as an undercover agent for the federal investigation into police corruption and links with the Mafia. His initial condition was that he would not be required to inform upon his own friends and colleagues; but his story exemplifies how this kind of involvement has the same ineluctable quality that is traditionally credited to a life of crime. Whimsically one of the characters in the film quotes De Quincey: "If once a man indulges himself in murder, very soon he comes to think little of robbing, and from robbing he

comes next to drinking and Sabbath-breaking."

Leuci found himself not only betraying his own friends, but entering the confidential himself (it is no accident, Lumet points out, that a Catholic should best suit the job). Ostracized by his colleagues, hunted by the Mafia whose operations his revelations had disrupted, Leuci and his family ended up dependent on day and night bodyguards.

Lumet and his co-scenarist Jay Presson Allen call their hero Celso; other characters are comically named and synthesized; even this lengthy, complex narrative is a drastic simplification of Leuci's adventures. Still, there is no reason to question the authenticity of the story; indeed, a large part of the dialogue is actual transcript from the hours of tape recorded from the miniature radio transmitter Leuci wore concealed on his person.

Treat Williams's Celso-Leuci is credible and credible. He is charming; but the real Leuci himself could hardly have succeeded without being pretty ingratiating. He conveys the necessary combination of toughness and moral fragility, of outward brashness and inner timidity. Lumet, whose most accomplished and sophisticated work this may well be, presents all the complex moral issues, all the fuzziest distinctions between law and crime, ends and means; but strenuously resists the

temptations of easy judgment or tidy dramatic conclusion.

It would be an error, and foolish snobbery, to underestimate Just Jackin's merits as film-maker simply because he established his career with *Emmanuelle* and *L'histoire d'O* and has now made *Lady Chatterley's Lover* under the auspices of Messrs Golan and Globus, producers not very remarkable for taste or discrimination. *Lady Chatterley's Lover* is, in this context, an agreeable surprise. It is weighed down neither by the literary pretensions that have dogged other Lawrence adaptations nor by the soft-core eroticism that has become the director's speciality.

The adaptation (Jackin and his English co-scenarist Christopher Wickham have gone back to Lawrence's first version, *The First Lady Chatterley*) is a well-structured melodrama, which puts a keen new edge on the class element in Lawrence's fable. The film has pace and bite; the characters, if not deep, are sharply drawn; the period and the atmosphere of a great country house (played by Wrotham Park), in the tough times between wars, is finely evoked; and the erotism is skilful, discreet, germane — and does not, as any objection to it might be, detract from the story. The answer is: Why should it be, since we already have Lawrence, whereas this is a picture, and a lively one at that?

Like her director, Sylvia Kristel

shows that *Emmanuelle* did not exhaust all her resources. Her voice is dubbed, so well as positively to enhance the performance. Nicholas Clay is a suitably rugged and enticing Mellors; Shane Briant's Sir Clifford intimates neuroses not quite concealed by the surfaces of gentlemanly behaviour; and Ann Mitchell is a wonderfully ambivalent Mrs. Bolton. For the record, this is only the second film version of the book: the first, also released by Columbia Pictures, was made in France in 1956 with Danielle Darrieux and Leo Genn. The noble lady's name was, however, taken in vain from time to time in porno pictures of the Seventies boom.

Eighty years or so ago, in Berlin, Vienna, Budapest or Paris, the opera kings and opera hawks kept turning out the same old story about the prince who falls in love with a showgirl or shopgirl or some other social inferior. His father and the inevitable dowager granny threaten to disinherit him if he does not marry the princess of their choice; but love finds a way.

Arthur is the same old tale, except that, since there are no princes in America, Arthur is heir to a billion-dollar hierarchy. The girl he loves (Liza Minnelli) is both showgirl and shop-lifter. To prove that audiences are as good natured as ever and that you cannot keep an old story down, *Arthur*, with its supremely happy end (he gets the girl and the money), has proved

one of the biggest American box-office successes of the year.

Dudley Moore, as Arthur, does a prolonged drunk scene; and nobody bothers to explain why an all-American family should spawn this middle-aged cockney elf who lapses in his cups into the speech fashions of Steptoe Junior. John Gielgud, as Arthur's scathing but doting valet, provides the film's best comic bits, handling the four-letter vulgarities of the script with the air of a charitable visitor sorting the soiled linen in a slum home. The film was both written and directed by a newcomer, Steve Gordon.

There is something very old-world, too, about *The Eye of the Needle*; indeed the antiquity of the plot — it is the kind of thing John Gielgud, as Arthur's scathing but doting valet, provides the film's best comic bits, handling the four-letter vulgarities of the script with the air of a charitable visitor sorting the soiled linen in a slum home. The film was both written and directed by a newcomer, Steve Gordon.

These three find themselves thrown together on a remote Scottish island which enjoys conveniently sympathetic weather (sunshine for romantic picnics, arctic storms for shipwrecks and high drama). There is a violent discomfiture in his bedroom, and Kana Nelligan (a charming actress deserving of better things) is the wife of a fighter-pilot who is bitter and resentful because he crippled himself in a car crash before he could get into the war.

Heavy Metal must set some kind of record for the length of its credits. A thousand people are said to have worked on this episodic animation feature, which takes its title from a popular American fantasy magazine. Teams of various nationalities provided individual stories, coordinated by Gerald Potterton and with an overall screenplay by Dan Goldberg and Len Blum, writers of the execrable *Meatballs*. The linking motif is a luminous green jewel, "the sum of all evil."

The pity is that all the effort and craft is applied to tales of fantasy that have less cohesion and direction than the standard comic strip. It is all pop mysticism, pepped up with sex and violence, sadomasochism and burgeoning female sex-machines that should induce a state of amnesia, or the mildest feminist. There is a strong musical score by Elmer Bernstein, with hard rock interpolations. The result is the sort of vision that is probably very stirring when viewed in a narcotic-induced high; but, compared to that condition, the animation is liable to be overlooked.

David Robinson

Theatre

A vein of comedy

Dracula

Albery

"Blood confusions" is Dr Van Helsing's prescription in *Dracula*, Michael Bogdanov's story Christmas now at the Albery Theatre for matinees. With the subtitle "A Pain in the Neck", with a "bat mat" at the entrance to the auditorium which has been impregnated with garlic to protect the souls of the spectators; with the sale of gingerbread crosses for the very nervous; it is quickly obvious how seriously Mr Bogdanov has approached this tale of terror.

For the extremely nervous there are even chunks of raw garlic for the asking, and the eating, but as Count Dracula points out, a vampire who has the same ineluctable quality that is traditionally credited to a life of crime. Whimsically one of the characters in the film quotes De Quincey: "If once a man indulges himself in murder, very soon he comes to think little of robbing, and from robbing he

extrovert players who made last year's *Convent Garden* such a diversion to play the gang of vampires and vampire hunters.

For what he aims to do, which is not very much beyond supplying slapstick for the adults and sophisticated puns for the children, he achieves just the right rowdy balance to tell the story and make room for the shouts from the audience.

It could all be better, if Mr Bogdanov and his collaborator, Phil Woods, had sought a greater degree of storytelling in their text. Although there is gore, with the severing of heads and bloody serving dishes, there is no terror to speak of and the comedy is at best a nervous reaction. It moves between the two moods of comedy and light menace with a fine balance that shows how little was done to develop their idea of an amateur performance of a play invaded by the real *Dracula*. Yet the players entertain with the enthusiasm of puppies, and Anthony Smea, John Labadie and the others are a welcome band of eccentrics.

Ned Chaillet

Captain Beaky's Musical Christmas

Apollo

In subways, and on walls and pavements, wherever graffiti grow, there suddenly appeared the legend: "Hissing Sid was here." For those without a devotion to the disc jockey Noel Edmonds, it was something of a mystery. He had championed a song by Jeremy Lloyd which told of a merry band of birds, bats, toads and rats and their adventures with the snake, Hissing Sid. Listeners reported sightings and from little cults a major industry has grown.

Two record albums, two television specials, Captain Beaky books and now a BBC-sponsored excursion into the West End theatre are the fruits of Mr Lloyd's labours, and Jim Parker's musical settings for his endearing series of poems have attracted such performers as Peter Sellers, Harry Secombe, Petula Clark and Penelope Keith. If there were no merits to the childhood rhymes, the West End would still be a brighter place for the enmeshed talents of Keith Michell, Twigg, Eleanor

Bron and Mr Lloyd as they read, sing and dance the stories. But the rhymes have the merit of enchantment.

Enchantment is also a quality that comes with the appearance of Twigg, who has become an irresistible performer: a singer with a sweet expressive voice, and elegance of movement and a poignancy in her speech. When she sings of Fred the Cockney sparrow and his French bird, Marguerite, she runs the range of emotions from sorrow and happiness to nostalgic regret; these nursery rhymes bear full adult emotions in her performance, and they bring laughter.

Mr Michell has illustrated the performance with drawings and sketches of wit at times he brings the operatic range of his voice to the impersonation of a canary and Miss Bron contributes several of her accounts speech and song with precise applications of humour. It is a singing, dancing, joking concert against sensitive musical arrangements but a fly that can do *The Times* crossword deserves a less sticky end than Mr Lloyd allows.

Ned Chaillet

Opera

Musgrave in time-honoured style

A Christmas Carol

Sadler's Wells

As in previous years, the Royal Opera has staged a Christmas production outside Covent Garden. Earlier shows were operas chiefly for children. Thea Musgrave's version of Dickens's *A Christmas Carol* has some children in the cast, but more adults. It is likely to appeal to both categories during its performances for the rest of this week, at Sadler's Wells in Rosebery Avenue, and on Radio 3 on New Year's Day.

It tells the story quite clearly, to unpretentious, evocative music, largely traditional in idiom. The scenery, costumes and production brought to London from Norfolk, Virginia, where the work was first given two Christmas ago, work well: the Englishness of the change hands during the week, with the original American Scrooge, is intelligently chosen, and the London Sinfonietta play the score handsomely for Peter Mark, another importation from Virginia, who conducted the premiere and is the composer's husband.

Those who know Dickens's story must admire Musgrave's adaptation, for the characters she contrives to include, by much duplication of parts — Elizabeth Bainbridge sings Mrs Fezziwig, Mrs Cratchit, and three other parts.

I admire too Musgrave's feeling for the character of the book, evinced in the scenes chosen, and the text added to what Dickens gave her in the way of dialogue. You may feel, as I did, that



Frederick Burchinal (left) and Robin Leggate

the second half dwells longer on its content than the first, or else that, if some earlier scenes, such as the separation of Belle and Ben, had been less extended (it contains some of the most attractive music), the later ones might not have hung on the very end of the party and rather more of the Cratchits.

The *Spirit of Christmas* is dramatically interpreted by one dancer, Murray Melvin, just as Marley's Ghost is a spoken role: both are extravagantly projected, and Mel-

vin's florid-camp Christmas cannot easily be taken seriously. Musgrave's music for *A Christmas Carol* retreats, even more firmly than in her preceding opera, *Mary Queen of Scots*, from the firmly time-orientated idiom of her instrumental music dramas (the concertos for clarinet and for horn, for example) or *The Voice of Ariadne*, which seems to me her finest opera.

It can be only coincidence that she has made this step backward, in terms of musical language, alongside lain

Hamilton, another Scot resident in the United States, whose *Anna Karenina*, at the Coliseum recently, also included in backward musical time-travelling. She makes the journey more discreetly than he, using "God rest ye merry, gentlemen" as a structural lynchpin, and writing cheerful, companionable music for the party scenes.

The part of Scrooge is a gratifying one for a strong character-baritone, as Frederick Burchinal, left, no doubt (Jonathan Summers shares it with him); it has the drawback that for most of the action, he is personally uninvolved, a mere spectator of the past events which have caused his present unsociability. Burchinal, and his producer, David Farrar, skillfully keep this obstacle largely out of mind.

Farrar makes it a jolly, colourful, Christmas show, the crowd scenes properly festive and energetic, much of the credit due to Miguel Romero's practical, mobile, pleasing scenery. Sandra Dugdale is a delicious Fanny, Elidwen, Hattley, a rather grim but smooth, well-situated Robin Leggate is just the tenor for Bob Cratchit, and Forbes Robinson looks properly Dickensian in several parts, though his big, red moustache does not suit Mr Scrooge. Especially when John Leech's ideal portrait is printed on the programme cover.

I will not decry Musgrave's *Christmas Carol*: it has almost everything in its favour, given expert presentation. I hope she will write another serious opera, more representative of her particular creative talent, very soon.

William Mann

Der Rosenkavalier

Coliseum

"Not a night is too long," says Ochs eagerly at the end of the second act. He was not, of course, referring to nights at the opera; but the thought flickered through my mind that, of those, this particular one is apt to contradict him except in the most stylish of performances.

The ENO production, originally by John Copley, is not without style, but it used to have more of it, more surely deployed than it is now. Much of the action is still happily keyed to the gestures in which Strauss's score abounds, but not with the consistency or the point that

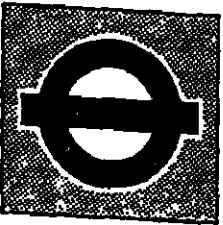
once distinguished the production. And that is perhaps particularly evident in a performance like this one, conducted by Charles Mackerras with so very sharp a feeling for detail. His ear for texture, for what is happening at every instant, and for its implications, is so acute as to demand the most precise equivalent with a little short of that one was left wondering if it was almost over-conducted.

It was, however, strongly cast. This revival was dedicated to the memory of Harold Blackburn, and as Ochs, there was the polished Richard Van Allan, catching well the blend — which some find elusive — of coarsely hungry sexuality and the demeanour of a nobleman, albeit a rural one. He sings

his music with the ease and the manner of a voluble conversationalist. Then there was Lois McDonnell repeating her Marchallina, a role to which she brings the proper admixture of passion and poise, and much of the proper vocal glow — also the capacity to lighten her voice, as she tellingly did in her reflective music ending Act I, and to lend it an autumnal fullness, as at "Hab mir's gelobt".

The Octavian and Sophie were new. There is a lot to admire and enjoy in Sally Burgess's performance: the eager, ardent boyishness in the first act, innocent in the best sense the tasteful acting (though exaggerated accents, especially in the lachrymose spell in Act III) as Mariandl;

Stanley Sadie



Cheap fares subsidised by the rates were ruled illegal by the Law Lords yesterday in a case brought against the Greater London Council. But public transport in the congested big cities must compete with private cars. How do other cities do it? Michael Bailey reports.

Who can unravel the big city knot?

The Lords may have settled the legal dispute over the Greater London Council's cheap fares policy, but the larger questions remain. How high should London's fares be, and how much should they be subsidised? Those are essentially political and economic questions, and cannot be settled by judges. If necessary the law will have to be changed to allow the political judgments to be made.

When they are, it will perhaps be found that the Labour GLC was travelling in broadly the right direction, but took a disastrously wrong route. The direction was right because it sought to make more attractive a public transport system which the capital needs to function well, and that might without positive steps become steadily less so.

The route was wrong because it piled a huge burden on the rates, merely to bring about cheaper fares rather than to provide the better transport service Londoners would have valued more.

It was a costly, wasteful, and inefficient way to achieve a good end, and that is perhaps because the Labour caucus was guided more by electoral than transport calculations.

Car commuting will always be cheaper

Some good may come of the dispute however, if as a result the damaging extent of the polarization of transport policy in London is perceived, and a start made towards a more bipartisan policy of positive, consistent development of the system.

On the Continent, to whose example our attention is constantly being directed, this polarization between high and low fares and public and private transport hardly exists.

Roads and public transport are improved together, and the various modes integrated rather than put in conflict.

It was once so here, and could be so again given the political will. For, contrary to the impression given by Lord Denning and others in recent weeks, the subsidising of public transport has been accepted policy in Britain for nearly 20 years and was in fact started not by Labour but the Conservatives.

This happened in a watershed year, 1963, when the rise in postwar cars reached the point at which previous profitable public transport was rendered unviable; and when two seminal contributions to the debate that still continues appeared.

One was the famous *Traffic in Towns* or Buchanan Report, which enunciated that since the capacity of towns to accommodate traffic was finite, the authorities had a choice between accommodating it at heavy expense in new roads and other structures, or limiting it through parking and other restrictions on road traffic. Relatively cheap and convenient public transport, for which subsidy would be necessary, was one of the most important instruments of the latter policy.

The other was Foster and Beesley's *Victoria Line Study* into LT's cherished plan for a new tube; that had already been turned down in three successive years because its £60m cost could not be justified by potential revenue.

The study showed that if social benefits — time savings, greater convenience, reduced congestion — were taken into account, the scheme showed a handsome profit. Over a third of the benefit would go to people who were not even using the line — road users suffering less congestion.

The Victoria Line was built, and from then on public transport in London and elsewhere went steadily into the red, with the more or less reluctant approval of various politicians. It was a process embraced more systematically, if not more wholeheartedly, on the Continent than here.

Such statistics lend credence to the tendency in

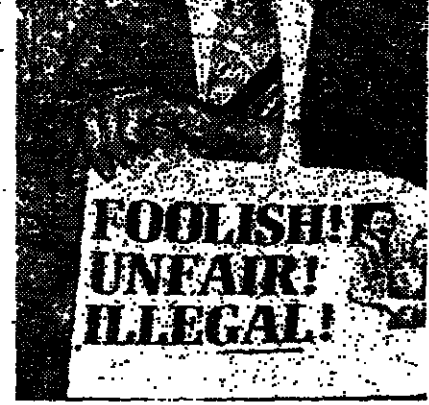
Britain to equate Continental practice with virtue, and British (at any rate under the Conservatives) with vice.

This overlooks the undoubted fact that fares subsidies are a costly and inefficient way of helping public transport, and that these policies in Europe were not deliberately virtuous or even necessarily deliberate.

Often, as in Britain, they were the result of management weakness in the face of over-maintaining and union intransigence, and of political reluctance to impose unpopular fare rises to pay for it.

Continental administrations have been increasingly unhappy about the huge cost of fares subsidies, especially in the past three years. Further doubt on the effectiveness of subsidies alone as a means of influencing urban transport is cast by an expert study carried out by Britain's Transport and Road Research Laboratory for the European Conference of Transport Ministers in 1979.

One of its more startling conclusions based on analyses from 12 European states and additional data from the United States, Canada, and New Zealand, was that even if buses were free, car commuting would still be "cheaper" for many people if the kind of social benefits used for the Victoria Line



study were taken into account.

For a two kilometre journey to work, the cost of a car came out at 14p, compared with 44p for the bus at normal fares; over 5 km it was 24p for the car and 55p for the bus; over 15 km it was 57p for the car and 91p for the bus.

In London the lack of productivity seems particularly evident. LT's workforce remained static at about 60,000 throughout the 1970s despite the introduction of one-man buses and trains, and a drop of about one tenth in bus passenger-miles, and nearly a fifth in tube passenger-miles. Productivity in Paris appears to be nearly double that in London, with each staff member producing about 170,000 passengers



Ken Livingstone appealed against Lord Denning's ruling and lost

Paris has cheaper public transport than London, but more importantly it is better. Not only is the Metro now more frequent, clean, and reliable, but interchange between modes is so much better, as are ticket arrangements and information to passengers. This is the fruit of many years of high capital investment, consistent policy, and dedicated management, as well as a cheap fares policy. Above all perhaps it is the fruit of an integrated policy towards transport rather than the adversarial one that has developed in London.

Although many different interests are involved in both the planning and operation of transport in Paris, they have worked well together under a hierarchical system President Mitterrand is apparently to change.

Capital investment has been in the hands of a regional body headed by a Prefect, a civil servant appointed by the Head of State; and his experts are required to plan on the basis of complementarity between roads and public transport, with priority for the latter. Of a current budget of £240m, some £140m is being spent on roads, and £100m on public transport infrastructure.

The fact is, as the Prefect of Paris told me recently: "Public transport is very costly. We have a very good system, but a very bad financial system, which must be changed."

It is clear after the events of recent weeks that London must change too, from the opposite direction as it were, to get back to the consistent policies that made London Transport the world's greatest urban transport system in the 1930s.

It can be done, and significant progress has been made at one level by LT's current chairman Sir Peter Masefield who has greatly improved the quality of management since being appointed by the Conservatives 16 months ago. But this year he and his team have once again, as so often in the past, had their energies

diverted into coping with a wild variation of policy in whose permanence given the swings and roundabouts of the GLC, they can have little confidence.

One way to escape from the trap would be to admit that GLC politicians are too small-minded to cope with such a large responsibility. But to return the problem of London Transport to Department of Transport control might produce not only more consistency, but also the torpor which seemed to afflict it before.

Another solution would be a Passenger Transport Authority, responsible for all forms of transport in the Greater London area as in the provincial conurbations. But this could spawn yet another empire-building bureaucracy, topped by politicians still pursuing sectional interests.

People will pay for service

It should not be necessary to set up a large unwieldy body to achieve the kind of integrated thinking that has prevailed elsewhere; it is primarily a change in attitude rather than structure that is needed, with closer collaboration between central and local government, and between the different operators.

London Transport and British Rail have already shown the way with a new joint "think tank" chaired by the two Sir Peters, charged with integrating ticketing, timetables interchange, and fares. It should be possible for Whitehall and County Hall to work similarly towards agreed objectives.

What should these be? Obviously fares and subsidies will always be a point of friction between left and right, but something closer to consensus should be possible if it is put down the scale of priorities where it belongs.

Professor Christopher Foster, author of the Victoria Line study, says: "Current policy is a logical

development of Victoria Line thinking in that it recognizes that cheap fares can be used to get traffic from cars to public transport.

"But although the principle is surely right, subsidies can be overdone. One has to say that the level of subsidies London now has is probably rather ineffective, especially in the absence of parking, and traffic restraints."

The fallacy of the Labour GLC was to put every thing into one policy, and not the best one at that. Naturally people prefer to pay 10p for something than 30p; but many were quite prepared to pay 30p, especially if the service is good. All the market research shows passenger preference to be for reliability, frequency, punctuality, convenience, comfort, cleanliness, rather than cheapness.

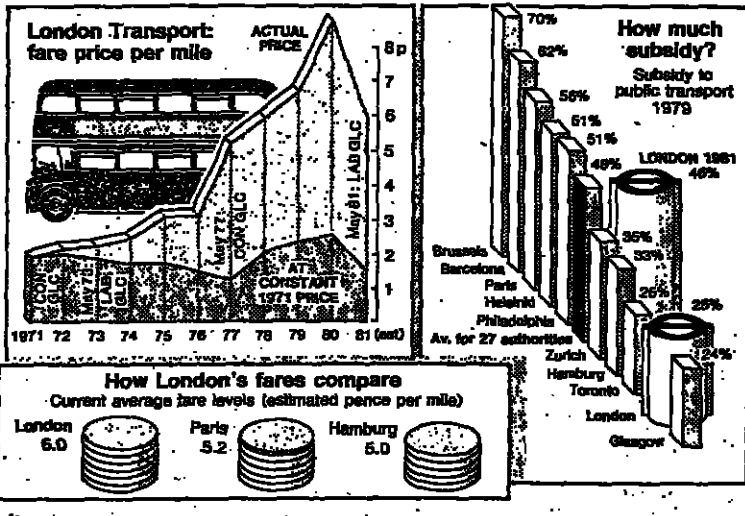
One million pounds spent on reducing intervals between buses and trains, on better connections between them, and on the resources that ensure they actually turn up at the advertised time, is better spent than on a marginal cut in fares (LT's 30 per cent cut has produced little over ten per cent more passengers).

These should be the priorities of a new transport regime, along with a planned road improvement and the tougher restrictions on car commuting advocated all that time ago by Buchanan.

When sound steps have been taken to develop a more attractive and integrated transport system for London, it will be possible to take a more informed view as the optimum level of fares and subsidies.

No doubt it will fall somewhere between Cutler and Livingstone, a level that recognizes both the benefits of cheap fares and the heavy financial burden they impose on other aspects of the life of the capital; a level perhaps that is both social and democratic.

Michael Bailey is The Times Transport Correspondent.



Advertisers of slimming products have to use self control.

Slimming is one of many areas in advertising which is carefully watched. And any advertisement for slimming products must comply with the rules on the right.

They are just some of the rules affecting slimming advertising and they appear in a book called the British Code of Advertising Practice. In it are many rules, not just affecting slimming.

They govern all advertisements which appear in the press, in direct mail, in print, on posters and cinema commercials.

The Code is used by the Advertising Standards Authority whose job it is to protect the public from unacceptable advertising.

It was set up and is financed by the advertising industry although it works entirely independently of it.

Amongst other things, the ASA responds to consumers' complaints and this briefly is the way the system works. Members of the public can write to us to complain about any advertisement they find unacceptable. If, after investigation,

- Appendix C Advertising for 'Slimming'**
- Weight loss
- 2.1 The only way for a person to lose weight, other than temporarily, is by burning up the excess fat his body has stored. A diet is the only practicable self-treatment for achieving a reduction in this excess fat. Diet plans, and aids to dieting of the kinds dealt with herein, are therefore the only products which may be offered in advertisements as capable of effecting any loss in weight. Claims, whether direct or indirect, that weight loss can be achieved by any other means are not acceptable in advertisements addressed to the general public.
 - 2.2 Temporary weight loss can be achieved by the expulsion of water from the body. This may not be represented in advertisements as a method of slimming.
 - 2.3 Overweight in young people is sometimes associated with a defective action of the glands and it is therefore desirable that they should be advised either in the advertisement or on the pack to consult their doctors before embarking upon a slimming diet.
 - 2.4 Obesity is a condition requiring medical attention and treatment. No claims referring to obesity are admissible in advertisements directed to the general public see Appendix D.
 - 2.5.1 Where a diet plan is advertised, the advertiser should be able to substantiate that his suggested diet(s) will provide adequate amounts of proteins, vitamins and minerals, and that the diet is capable of achieving the results claimed for it, when followed by the kind of person for whom it is intended.
 - 2.5.2 No claim, direct or indirect, should be made in any advertisement for a diet that it contains any ingredient which in itself has the property of hastening the process of weight loss. All foods have some calorie content and in a balanced diet it will be necessary to have foods with higher and lower calorie levels. There is no ground for supposing that any specific foods have particular properties which speed up the metabolic processes which cause excess fat to be 'burnt-up' and weight to be lost.
 - 2.5.3 Advertisements for 'crash' diets are unacceptable.
 - 2.6.1 Diet aids, such as foods, food substitutes, or appetite depressants, may not be advertised except in terms which make clear that they can only be effective when taken in conjunction with or as part of a calorie-controlled diet. Due prominence should be given therefore in all advertisements to the part played by the diet.

- 2.6.2 The Labelling of Food Regulations 1970 require that, where a claim is made in an advertisement or on a label that any food is an aid to slimming, it must be substantiated, and a statement must be included that the food cannot aid slimming except as part of a diet in which the total intake of calories is controlled, whether by calorie counting, low carbohydrate/high protein or other means.
- 2.6.3 Any diets whether on pack, in advertisements or otherwise provided in conjunction with diet aids, will be required to conform to the aforementioned advice on diet plans, and details of the diets proposed should therefore be enclosed, with appropriate substantiation, when the advertising is being submitted for clearance.
- 2.6.4 Advertisements for diet aids should also conform to the advice already given as to the non-acceptability of certain claims for the individual effectiveness of specific foods or other diet ingredients.
- Foods**
- 2.7.1 Advertisements for foods offered as diet aids should make clear in what way they contribute to the diet, e.g. whether the particular food is lower in calories than its conventional equivalent on a weight for weight basis, or a slice for slice basis.
- 2.7.2 Particular care should be taken to ensure that advertisements for meal substitutes do not imply that these products are effective if eaten in addition to normal meals rather than instead of them.
- Appetite depressants**
- 2.8.1 Advertisements for appetite depressants should make clear how they work and will only be regarded as acceptable when adequate evidence has been provided by advertisers that the product is safe and effective at the level of consumption suggested.
- 2.8.2 Claims for the effect of appetite depressants should not be expressed in terms of food equivalent, e.g. equal to two eggs and ham.
- Weight loss products in general**
- 2.9 No 'weight loss' products should be advertised on the basis of claims such as *Eat as much as you like, Eat, eat, eat!* and *get slim* or anything similar tending to remove due emphasis from the primary importance of maintaining a balanced calorie-controlled diet.

we find the advertisement contravenes the Code, we instruct the advertiser to amend or withdraw it.

If you would like to know more about the Code, or about us, or if you have any cause to complain about an advertisement,

we'd like to hear from you. If an advertiser breaks one of the rules, we don't let him get off lightly.

The Advertising Standards Authority.
If an advertisement is wrong,
we're here to put it right.

ASA Ltd., Brook House, Torrington Place, London WC1E 7HN.

David Watt

Poland: where we differ from Reagan

It has been widely assumed, especially in the United States, that a major crisis in Poland would be the end of the western alliance. More effectively, than any number of blueprints and ministerial conferences, five days of Polish military dictatorship have indicated the illusory that assumption is. The western powers have not exhibited the total disarray that followed the Afghanistan crisis and have officially managed so far to maintain a fairly uniform posture of "wait and see". What has been significant and alarming, however, is the divergence of underlying instincts and assumptions. The longer the crisis continues the more open and dangerous these dangers seem likely to become.

In general there are two different but equally valid ways of reacting to the Polish events. If one looks at the world in moral terms, what has happened is a tragedy about freedom, power and shattered hopes. The duty of the West is to register its outrage and punish the perpetrators to the full extent of its ability.

If one thinks in terms of global politics, however, the clampdown is more forgivable and may almost be seen as a relief because it is a lesser evil than a full-scale Russian invasion. If the creation of a banana republic dictatorship is the only way the Poles can cling to the last tatters of national independence, it is a price worth paying.

It makes an important difference that the soldiers in the Warsaw streets are Polish rather than Russian, not just because the Poles themselves find it more tolerable to their pride but also because it does not violate the convention of national sovereignty and so gives us a legitimate excuse to avoid the slide back towards

cold war that for other reasons we wish to avoid.

The moralist is entitled to point out that a lot of this is humbug. The reality is that the new regime would not have come into being and Solidarity would not have been snuffed out if it had not been for Russian pressure. There is no serious prospect, whatever may be said at present, of the march to a more democratic policy in Poland being renewed under the new dispensation; and that a lot of people are now going to be incarcerated and probably subjected to inhuman treatment for political reasons directly connected with their attitude to the Soviet Union and the communist system.

The new regime is not government by consent; the only thing that can be said for it is that the amount of force required to squelch dissent is marginally smaller than if the Russians had done the job themselves. To this accusation *realpolitik* can only respond that while the distinctions may be unreal, it is a politically useful one. The idea of imposing economic and political sanctions on the new Poland is unattractive because it would drive the military still further into the arms of the Russians.

Still less appealing is the notion of equating the Poles with the Russians and unfolding the whole panoply of western sanctions prepared in case of Soviet intervention. Not only would that leave nothing for Nato leverage on the Russians; it would mean that all hopes of preventing a new arms race were abandoned.

The United States, perhaps from circumstances of its birth, has always had a strong moralist slant in its foreign policy. There was nothing new or startling in this

The western alliance could come under new strain because of conflicting attitudes to the military take-over in Warsaw — America's instinctive desire for a tough response, pragmatic caution by her European partners

sense about the behaviour and policies of President Wilson or President Carter. Equally, it is not surprising that President Reagan, after an initial period of pragmatic reserve, has recently been assailed by growing doubts about how far he can allow the changes in Poland to occur without strong reaction. His desire to continue a dialogue with the Russians is at odds with his political necessity — to avoid any appearance of condoning communist repression.

The European reaction, overall, has been more in the *realpolitik* tradition. Of course there have been loud and entirely genuine denunciations of the Polish military action from EEC governments and even from western communist parties, and the tactical necessity of maintaining pressure on the Russians is very much in everyone's mind. Nevertheless the willingness to separate disapproval from strong action is discernible.

As usual, the West Germans are the hinge of the argument. Chancellor Schmidt was still in East Germany on his long heralded, long postponed fraternal visit to Erich Honecker when the Polish news broke. He quietly completed his programme and left for the West with expressions of hope for the future of inter-German relations.

appearing in the American press. West Germany still depends on the US for its security and still believes in (and is paying for) a strong conventional army. As for reunification, the Russians themselves will not permit it on any terms for a century.

The trouble with these views is first that being expressions of belief and perception, they cannot be permanently invalidated by what happens in Poland in the coming weeks any more than they were by events in Afghanistan. And second that there is not a single one of them that the present American administration endorses unreservedly.

If the Americans could only accept the validity of (c) it would not matter so much. The West Germans might be safely left to get as much out of their relationship with the East as they could (and it would not be very much) provided their military support for Nato continued. But the Americans in their present mood want more psychological reassurance than that, and because they rightly suspect that the rest of the European allies, already prone to excessive pragmatism and self-deception where East-West relations are concerned, are to a greater or lesser degree influenced by the German example, they lump us all together as unreliable.

If the Russians should march into Poland in a month or two as the Jaruzelski experiment founders there will be no difficulty for us in imposing the American view on the alliance, but the cross-currents that have appeared in the last week will still be there and will surely reassert themselves quite quickly.

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Tebbit dynamite that must be defused

by Bill Keys

On Wednesday I led a TUC delegation which met Mr Norman Tebbit, the Secretary of State for Employment, to impress on him the trade union movement's outright rejection of his proposed new industrial relations legislation. We spent our time expressing our grave concern over the threat to workers' rights and industrial relations posed by his proposals, but Mr Tebbit gave no indication that the serious objections we raised would temper his approach.

I am not entirely surprised by this. The improvement of industrial relations seems to be well down the Employment Secretary's list of priorities just like tackling unemployment. Instead, the motivation behind his proposals seems to be only to place swingeing legal restrictions on the ability of trade unions to organise and operate effectively, irrespective of the consequences for British industry.

I do not accept for a minute that there is force in the argument being used by

grounds can claim unfair dismissal.

Now it is being proposed that a non-unionist could be entitled to up to £24,000 from union funds if he or she is dismissed, and no this, firstly, because the Government is giving the impression that there is widespread coercion to join unions and frequent victimisation of non-unionists. Not so. In fact, there are no more than a handful of such cases each year, as experience under the legislation from 1971 to 1976 showed.

Second, to offer up to £24,000 to anyone if they display "unprincipled" behaviour is enough to get sacked is a deliberate attempt to give financial incentives to people to leave or not to join unions. And to expect other workers to stand by quietly and see their union forced to pay amounts of this size to people who are being deliberately awkward or greedy is unrealistic. The inevitable result will be considerable dissension



Mr Keys (left) and Mr Tebbit: "Still not too late to avoid an unnecessary conflict."

the Government that its measures have the support of a majority of the population, still less a majority of trade unionists. I know all about opinion polls, which are paraded as upholding that view but I know what the response of workers would be to the question of whether they approve action to reduce the rights of their unions and to curtail their ability to maintain their jobs.

When the realization of the dangers of this proposed legislation sinks in (and the unions and the TUC will be bending all their efforts to get the message across) I am convinced that there will be a sense of outrage and resentment among workers which will manifest itself in powerful opposition to these proposed laws.

The Government is clearly under-estimating the degree of opposition it will face. It is gambling on the trade union movement not being able to get a head of steam behind its campaign against the proposals such as occurred in 1970-71 against the Industrial Relations Bill. The Government is no doubt assuming that the movement has been weakened and demoralized by high unemployment and loss of membership. It is banking on the fact that its proposals are even more complex and difficult to grasp than the 1971 legislation.

But the main proposals in Mr Tebbit's package are dynamite. Any of them, if used, could blow a company's industrial relations sky-high. Take the proposals attacking 100 per cent membership in a workplace. There is already substantial protection for individuals against being sacked because of non-membership of a union; under the Employment Act, 1980 a person dismissed for refusing to join a union on widely drawn constitutional

between workers on the shop and office floor and considerable "bad" time for its own action. It would be held responsible for the acts of any of its officials; not just full-time officials but all shop stewards and branch officers. Some large unions could therefore incur liability for the actions of any one of thousands of people.

Not is it good enough to say that unions must control all their officials. Unions are democratic bodies which are — and which employers tell us they expect to be — responsive to the wishes of their members. They are not corporate institutions subject to top-down hierarchical controls. While unions will always do their best to ensure that agreements are observed, and do so successfully every day in British industry, they are not, and cannot be, industry's policemen. The Government cannot force them to take on that role.

The author is general secretary of the Society of Graphical and Allied Trades and chairman of the TUC employment and organization committee.

Gallipoli: is the film fair to the British?

The Australian-made film Gallipoli, which opened in London a week ago to general critical approval, is creating controversy among historians. The Times asked Martin Gilbert, Winston Churchill's biographer, to assess its historical accuracy.

At the end of September 1915, senior members of the British Government received a copy of an extraordinary letter. Its writer was Keith Murdoch, an Australian journalist who had just reached London from the Dardanelles.

Murdoch had spent seven days on the Gallipoli peninsula, a month after the August battles in which 23,000 soldiers, many of them Australians and New Zealanders of the Anzac corps, had been killed in two short offensives. In his letter, Murdoch placed the blame for these deaths on "gross selfishness and complacency on the part of the Staff" — most of whom were British.

Now, 66 years later, the film has been made of the campaign — co-produced by Murdoch's son, Rupert, after an Australian team had approached him with the idea.

Gallipoli focuses on one sector of the battle — the attack by Australian forces on the Nek on August 7, in which 650 of the 7,250 who went over the top were killed within a few minutes — most within a few seconds — leaving their trenches. It does not show the more successful New Zealand attack on the nearby Rhododendron Spur or the further battles in which several thousand British soldiers died.

The film revolves around the personal story of two young men, members of the Australian Light Horse — their friendship in Australia, were members of a Jewish underground group associated with a predecessor of *Searched*, the left-wing, anti-racist magazine which Lumder edited until his death at the age of 54.



The 1st Australian Brigade charge the Turkish line at Gallipoli, a sector of a battle depicted in 1915 as a "great Australian feat". An artist's impression from The Illustrated London News.

Cairo and then Gallipoli itself. The events leading up to the campaign and the accusations of the Murdoch letter of 1915 are slipped in only through casual remarks. But however casual, the burden of the elder Murdoch's charges is a heavy one, that while Australians were being massacred at the Nek in a futile assault on the Turkish trenches above Anzac Cove, further north at Suvla Bay, the British, for whom this alleged diversion had been laid on, had called a halt to their much less opposed landing and, instead of following up their initial success, were, as the film expresses it, "drinking cups of tea".

In fact the Australian attack on the Nek was not intended as a diversion for the British to the north but

was part of the Anzac commander's own plan to help the advance of the New Zealanders on the same front. There is considerable truth in the film's charge of lethargy at Suvla Bay — as there was in Keith Murdoch's charges, subsequently borne out by evidence presented to the Dardanelles Commission of Inquiry. When Winston Churchill's younger brother Jack landed at Suvla Bay two days after the initial battle, he reported home that the commander of the 11th Division during the landing was "seemed apathetic", and that "the apathy of the senior officers had spread to the men".

The Commander-in-Chief himself, Sir Ian Hamilton, had been equally shocked by the lethargy of his divisional commanders. So also had an emissary from London, Colonel Hankey (then Secretary to the War Cabinet). "It is most annoying," wrote Lord Kitchener, War Secretary, when he heard of the lethargy of the commanders, and he added: "I am taking steps to have these generals replaced by real fighters as quickly as possible."

begin than most battalions lost their officers, and many their guides. The result was confusion. Of the 14,300 men who took part in the fighting around the first low hill more than 5,000 had been killed or wounded by nightfall.

By August 28 the troops at Anzac and Suvla, Australians, British and others, had exhausted their energy. No further attack was possible. The Turks remained in control of the high ground, and despite their own severe losses, maintained their dominance over the peninsula.

It was then that the British Government began to contemplate a possible evacuation. But Colonel Hankey, who had just returned to London, told the War Cabinet that the evacuation was "a good ground for hoping for another success in the Anzac region".

It was on September 22, as this debate continued, that Murdoch reached London. On the following day he wrote his letter, describing the August battle as a "costly and bloody fiasco, because in addition to wretched staff work, the troops sent were inadequate and of most uneven quality".

Murdoch's criticism were reinforced by other scepticism. On reading his letter, Winston Churchill described its accusations as "the malicious charges of an irresponsible newspaper man". But the doubts so bluntly expressed by Murdoch were already deeply held, and within two months, the decision to withdraw was made.

Both Suvla and Anzac were evacuated on December 20. All in all, less than eight weeks, 34,000 British and Empire troops and 10,000 French troops had been killed. The Turks had lost more than 80,000 men. Since then, only decaying trenches and beautifully tended war graves stand on the peninsula itself to the cruel event, of which this film is a poignant reminder.

Martin Gilbert
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David Irving's sarcastic farewell to an old enemy

An extraordinary feud between David Irving, the anti-Semitic, anti-racist, anti-fascist, and Maurice Lumder, the veteran anti-fascist who died earlier this year from a heart attack, threatens to continue beyond the grave. Irving, whose book *Hitler's War* "reconstructed" the Führer from any part in the extermination of the Jews, has just published a thoroughly provocative and sarcastic farewell to Lumder in *Focal Point*, the journal Irving edits for the rightist Focus Policy Group.

Entitled *Heil and Farewell*, the obituary on Lumder, an authority on racist groups in Britain, attacks him for ignoring everything unpleasant to the left, from the Red Army's "raucous" of raping, looting and burning and its final suppression of a dozen historic nations, to the takeover of Afghanistan, and ends: "Morry! The fight for a better Britain, decent, clean, free, pure, goes on! Your work, your name will not be forgotten! For Britain, our Britain, Maurice Lumder, for the last time... Resistant!"

Irving, 43, told me from his holiday hotel in Gstaad: "It's a final settlement of old scores. Lumder did a hatchet job on me on a number of occasions though I must admit I am quite fond of him now that he is dead. The feud goes back to the mid-Sixties when a burglary was carried out at Irving's home. According to Irving, the burglars

Playing up

It was a serious piece of mischief, I should say, to have my god-daughter act as Gabriel in her school nativity play on Wednesday night. She is many things but arch-angelic is not one of them. (For a start, I do not expect to see again the gold-brocaded curtain I lent her for her cape. She muttered something about the limpkicker's wife being sick on it.)

Nonetheless, there is one thing to be said for school plays in these times of cutbacks at the Arts Council: they are the only productions with anything approaching a cast of thousands (well, the entire infant department, plus Miss Ludlow's class). This can do odd things to what you might call the iconography of the bible story; I was, for instance, not aware until this

THE TIMES DIARY



Graham Whettam, the British composer, has over the years had a somewhat turbulent relationship with the BBC. He once accused Auntie of banning a substantial number of his works without giving a reason and at another time complained that the Beeb had alleged he had written his own fan mail. Now he is at odds with the corporation get again over the mysterious postponement of his Clarinet Concerto.

The new concerto was scheduled for performance by the BBC Scottish Symphony Orchestra at the Henry Wood Concert Hall, Glasgow, on January 8, with the young clarinetist Caroline Allen as soloist and Sir Charles Groves conducting. However, Whettam has just received a letter from the BBC which bluntly says the postponement of the concerto is a "very good reason" for postponing the performance, he was not prepared to disclose it. Paul Hamburger, a chief music critic for BBC Radio, simply hung up.

week that the shepherds in Galilee outnumbered the sheep.

Teachers like Miss Ludlow, of course, have all sorts of protection problems unknown to the likes of Sir Peter Hall. Casting Alistair from 4b as Balzhazar made sense to everyone in view of his lovely voice — everyone, that is, except younger brother Graham, who hit the roof and his sister. But I liked Miss Ludlow's imaginative way out: four wise men looked magical in their black leotards and disco glitter but they trooped on stage a triangle short and I feel it was a shade unheavenly to have a pushing and pulling match of

stands to reason — they're missing the late doggers...9



give an instruction to one of his less-wise men after they had dropped their gold frankincense and (two loads of) myrrh on baby Jesus's head. I have a suspicion he left out the word "ready" when he belted the command: "Make with the camels, Melchior."

Le cuisine anglais

English cuisine gets an accolade in Paris this week from those high priests of French gastronomy, Henri Gault and Christian Millau, famous for their restaurant guide. Yes, they say, in an article in a Parisian weekly, English cuisine really exists. Besides the well-known and

"admirable" Scotch beef and Yorkshire pudding and the "rich" Dover sole, which has no equivalent in France, they have also been "enchanted" recently to discover cock-a-leekie soup, Lancaster hotpot (sic), beef braised in Guinness and even tripe and onions. The recipe book is a place for these delicacies is none other than the Dorchester Hotel in Park Lane.

Royal mail

I await with interest the Post Office decision which could mean that mail posted at Windsor Castle will bear the less regal postmark of nearby Slough from next spring. A mechanized letter office which is to open in Slough will mean that 55 per cent of mail now bearing the Windsor postmark will disappear — much to the chagrin of the town's inhabitants.

Battle stations

Mr Ken Livingstone, the beleaguered head of the GLC, needs all the help he can get this morning, after his defeat at the hands of those five Lords of Appeal yesterday, and I am happy to chip in my bit. He forecasts the closure of 20 tube stations as a result of the decision to he may feel like making use of the following crucial intelligence: Temple is the local station for Lord Diplock; Knightsbridge for Lord Brandon; High St Kensington for Lord Wilberforce. Lord Keith lives in Piddichry, Scotland, so he makes most use of King's Cross/St Pancras.

GG in suspense

Graham Greene is following in the footsteps of Dickens by publishing his next novel in instalments. A third chunk of the book, *Monsieur Quixote*, appears today in *The Tablet*, which has carried earlier instalments in its last two Christmas issues. Greene is a trustee of the Catholic periodical, whose editor, Tom Burns, tells me that his seasonal contributions have done much for its circulation.

Greene has just delivered the completed manuscript of the novel to his publishers at The Bodley Head but I fear he is too late to catch his preferred publication date in May, so fans will have to wait until September to find out what happens to the *Monsieur*, a rebellious priest in modern Spain.

Research for the book has been helped by Father Leopoldo Duran, a Spanish priest, who has accompanied the author for the last few summers on motorcycling tours around the country. Exactly which of them plays Quixote and which Sancho Panza is not yet certain.

The travels have not been exactly fruitless for the priest, who happens to be a lecturer in English literature at Madrid University and, unsurprisingly, an acknowledged expert on GG. Consequently with Greene's latest instalment in *The Tablet*, Duran gives an insider's analysis of the author and his recent oeuvre in *The Clergy Review*. Wisely, he does not stray away Quixote's ending.

Peter Watson



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

LONDON TRANSPORT AND THE LAW

We now have the last word on the law, and it says that the Greater London Council did not have the power to order a reduction of 25 per cent in the fares charged by London Transport and throw the whole cost on the ratepayers. Local authorities, even the largest of them, are the creation of statute. They may do only what they have express authority to do. The Transport (London) Act 1969 does not authorize the GLC to do what it did. Nor did the voters' endorsement of Labour's GLC manifesto supersede in any way the constraints imposed by the law.

The Act does authorize the GLC to pay the London Transport Executive grants or subsidies out of its precepted rate income. But so far as these take the form of an operational subsidy they are permissible only for meeting an "unavoidable" deficit after the LTE has done its duty of ensuring, as far as practicable, that its operating costs are covered by fares and other internal revenues.

Neither the council nor the executive has authority to go for a deficit as an objective of policy.

The London Act (and it must now be supposed the Act under which provincial transport authorities operate) is thus found to preclude positive subsidies for the deliberate manipulation of fare levels or (presumably) for other operational purposes. Yet such subsidies are by now a common instrument of public transport policy more so abroad than in

Britain, but part of orthodoxy here none the less. If the law does not accommodate them, the law must be changed.

A change of law will require more than a simple redrafting of the relevant sections of the Acts. The idea of regional subsidies for urban transport has been temporarily discredited by the GLC's foray. As things now are councils cannot safely be given an unrestricted right to put their hands in ratepayers' pockets for the benefit of public transport users, even though the two classes overlap especially at Lord Scarman observed in his judgment, since those who produce the greater part of the rates have no vote in local government elections. The fiduciary duty a council owes its ratepayers, which the courts have frequently insisted upon and which formed an important element in the arguments of the five Law Lords in this case, cannot safely be set aside by statute unless there is reason to be confident that the new discretion will be prudently exercised.

To be confident of that one would need to be satisfied that the administrative structures were well adapted to the exercise of the discretion in respect of the area covered, the transport services included and the population to be taxed; that the authorities given the discretion could be relied on to be guided by considerations of transport policy and the costs and benefits for the people of the area as a whole, and to keep their political impulses under

control; and that the source of revenue on which they would be entitled to precept was from the point of view of accountability in a sound relationship to the electorate from which they derive their authority — which will not be the case until local public financing is thoroughly reformed. All of that raises considerable doubt as to whether the present lines of responsibility for public transport in the London area are the right ones.

But given the right structures, accountability and taxing arrangements, a power of positive subsidy is certainly a power that a modern urban transport authority ought to have. It is no panacea, and it will do no good unless it is carefully related to other policy instruments. One of the GLC's mistakes was to throw the whole of its huge new subsidy at fares, without relating it to improvements in productivity or in the frequency and reliability of services. The latter are of even more importance than fare levels when it comes to winning custom. An operating subsidy is a necessary instrument of policy if judiciously used in conjunction with capital improvements, flexible fare schedules, simplified patterns and collection of fares, regularity of service, administrative and price discipline to private cars in inner city areas, and a coordinated road works programme. That at any rate is what is suggested by the Continental experience, which our Transport Correspondent looks at on another page.

TEN CHARACTERS IN SEARCH OF AN AUTHOR

There has been disappointingly little to show for the six months of Britain's presidency of the European Community. On Wednesday Mrs Thatcher was in Strasbourg to give a report on the failure of last month's summit. She was followed yesterday by Lord Carrington, who outlined a number of decisions which had been taken in the last few months, but had to admit that the major objectives had not been achieved. There is still no agreement on the related issues of reform of the common agricultural policy and contributions to the Community budget, both of which were supposed to have been settled by the end of this year. Nor has it been possible to resolve the differences over fisheries policy, which have been causing difficulties for so long, or to make the progress that had been hoped on bringing down European air fares or allowing insurance companies to operate across national borders.

It would be wrong, however, to put all the blame for this failure on this country. In the first place, there are limits to the possibilities which are opened up by being in the chair. The country holding the presidency can do much to fix the agenda of meetings. It can even force everyone else to work away at looking for solutions, as Mrs

Thatcher did at the summit. But ultimately it is only one among ten, and it takes ten, all with their own national interests, to reach a Community agreement. What Britain was able to do was to impart a sense of urgency and — unusually — to ensure that meetings started on time. It was able to show that it took the European Parliament seriously. Mrs Thatcher was the first head of government to report to the Parliament on a summit. But it was not able to get agreements on the issues which were of the greatest importance to itself.

There were some achievements. There was the agreement in October on procedures for improving cooperation on foreign policy issues, and on including security, at least in its political aspects, in consultations among the Ten. Foreign policy coordination is an area in which the Community has made slow but steady progress. Some progress was made towards a solution of the complex of issues related to agricultural reform and budget contributions. A settlement should be possible in the next few months. It is also important that the Community has, so far at least, been able to weather this latest crisis without the recriminations and bitterness which have marked earlier ones.

But the fact remains, as Lord Carrington pointed out yesterday, that it has become increasingly difficult to get decisions in the Community. The failure at the summit means that more time and effort will have to be devoted to the issues discussed there, rather than taking up new ones. It could delay even further the entry of Spain and Portugal, which are being made to wait until the Community has sorted out its own difficulties, and are both understandably impatient. It will do nothing to reduce public disillusionment with the workings of the Community, which has long been serious in this country and is increasingly so in West Germany.

There are no easy solutions to the problem of getting decisions. One long-standing idea, recently revived by the Germans and the Italians, is to make more use of majority voting. But that could only improve the situation if it meant that one or more countries were overruled on issues that were of importance to them; and that could be a recipe for more disenchantment. The only way forward is by constructing packages in which countries give up something in one area for gains in another — and by a greater awareness all round of a shared European interest.

FISH AND FOWL IN FLEET STREET

Journalists, like most members of the community, hold political opinions. They vote in local and parliamentary elections. They may be members of a political party. Some of them become politically active, presenting themselves as candidates for their local council, or for Westminster. Others demonstrate their commitment through their membership of various committees, or by individual effort behind the scenes. The strong political allegiance and unbiased journalistic performance are compatible by no means new, but the advent of the Social Democratic Party has given it a new turn. It appears, though it is difficult to quantify, that the party has attracted a significant complement of journalists. It is clear that some of them — drawn from a very wide range of newspapers — are taking an active part, through communication, on which *The Times* reported yesterday, or by offering themselves as candidates in elections, or as advisers.

Boundary Commission

From Mr Harry Greenwood, MP for Ealing North
Sir, I have read the letter from the secretary to the Boundary Commission in today's *Times* (December 14) with much interest. I find it unacceptable. The prime duty of the Boundary Commission is to produce constituency boundaries which are even in terms of number of electors and homogeneous in character. There can be no possible excuse for not putting

this democratic duty above all other considerations such as shortage of secretarial staff, shortage of assistant commissioners and the rest. In the one experience I have had of the commission at work I was appalled at the autocratic nature of the assistant commissioner who conducted the enquiry. It was a thoroughly legal matter to him, it appeared, and if ordinary people could not handle it in this way, then bad luck! The result was that lawyers were upheld and having been given no idea of when they

might be called to give their evidence, (questions were not allowed) they left for work or the care of their homes and families and a whole side of the case was thus unsupported by witnesses. The Boundary Commission cannot possibly be excused for allowing this sort of thing to happen and, as a body answerable to Parliament should take immediate steps to put itself above reproach of this kind. Yours etc, HARRY GREENWOOD, House of Commons, December 14.

An urgent case for reflation

From Professor Wynne Godley
Sir, The present Government's economic policy has always been based on the view that unemployment cannot be reduced (other than temporarily) by fiscal and monetary policy and that the attempt to use policy in this way only leads to more inflation and ultimately to even more unemployment than otherwise would have occurred.

This view is one which does not admit of any "flexibility" whatever. Most particularly it implies that if there are any cuts at all in taxation in the next Budget this will make both unemployment and inflation worse, not better.

When on earth are people going to wake up and see these ideas to be wrong from beginning to end and that policies based on them have had wholly perverse effects; they have generated (as I forewarned they would) an unprecedented severe slump without the prospect of sustained recovery at any stage, with unemployment rising indefinitely and, very likely, without much reduction in the inflation rate.

As the money supply is way above its target rate of growth, inflation still in double figures and the public sector borrowing requirement no lower than the target set in the MTFIS (medium term financial strategy), the only possible justification for any reduction in tax rates in the Budget, on which many people now seem to be counting, is that it would encourage more employment. But this would be to admit that the Government's policies so far have indeed been based on entirely false premises. And as soon as people see this they should recognize also the desperate urgent need for really substantial reflationary measures before any more destruction occurs.

Such measures should be devised so as to reduce industrial costs and prices, thereby stimulating increasing exports, domestic output and employment while actually reducing inflation. A £10,000m package consisting of the abolition of the National Insurance surcharge, and a reduction of 10 per cent in employers' contributions in manufacturing industry would make a good start.

Yours faithfully, WYNNE GODLEY, University of Cambridge, Department of Applied Economics, Sidgwick Avenue, Cambridge.

Art buyers' premium

From Mr David Mason
Sir, The humiliation of the two art trade organizations now complete, Sotheby's high-handed and combative statement this week (report, December 16) confirms that they will not abolish the premium or even reduce it but in fact they will increase vendor charges regarding the sale of the items that they sell by 50 per cent.

Mrs. Geraldine Norman's penetrating article (December 17) on the bitter dispute between Sotheby's and Christie's on the one hand, and the British Antique Dealers' Association and the Society of London Art Dealers on the other, over the controversial 10 per cent auctioneers' buyers' premium gives cause for the greatest concern.

Several weeks ago Mr. Gordon Borrie, Director General of the Office of Fair Trading, who had already attempted to investigate the alleged collusion by the auctioneers over the introduction of the premium twice before, again took up the cudgels on behalf of the public who have so far been totally ignored by both dealers and auctioneers alike. However, he has been hampered in his inquiries by the extraordinary and obstinate refusal by the dealers' organizations to assist him.

As a picture dealer who has been highly critical of the art trade's supine attitude to the financial strength and establishment standing of the auctioneers, I deplore the fact that this latest stage neither trade organization has been willing to furnish the Office of Fair Trading with the evidence they hold of this alleged collusion. Could we not now have a declaration by the British Antique Dealers' Association and Society of London Art Dealers that they will forthwith co-operate to the full with the Director General of the Office of Fair Trading? And if not, why not?

Yours faithfully, DAVID MASON, Chairman, MacConnell-Mason, 14 Duke Street, St James's, SW1.

CBI rates plea

From Mr F. L. Othick
Sir, Your report (Business News, December 9) refers to Sir Terence Beckwith's claim, on behalf of the CBI, that industry is contributing £5,000m in rates this year. The total rate income is, I understand, £10,000m. As industry accounts for only 23 per cent of the notifiable value its contribution would seem to be less than half the figure Sir Terence claims.

It is to be hoped that Mr Michael Heseltine will be cautious about inflicting more burdens on domestic ratepayers to help industrialists unless and until their true needs are properly authenticated. In any case, help should be reserved for those proved to be badly hit, not every industrial concern irrespective of its fortunes.

Yours, etc, FRANK OTHICK, 109 Hookfield, Epsom, Surrey.

Dilemma of the Polish people

From Mr John Lyons

Sir, You say in your leader on Poland today (December 16) that "the radicals in Solidarity overplayed their hand" and "there is sense in which this is obviously true but before it becomes the conventional wisdom I would like to put a different view."

It happens that I was in Poland five weeks ago. Among those I met was Mr Janusz Onyszkiewicz, a leading representative of Solidarity, who is now reported to be among those who have been arrested.

My clear impression from my visit was of almost universal agreement among Poles that the Polish Government and the Polish Communist Party, of which the Government was an extension, had lost all credibility with the Polish people. Nothing they did or said commanded the slightest respect among the people at large. On the other hand, Solidarity, with a membership of ten million (plus two million in Rural Solidarity), did command that respect.

As I understood it, the central political requirement in Poland was for a negotiated deal between the Government and Solidarity, which would leave the leading role of the Communist Party intact but which nevertheless would make sufficient political concessions to Solidarity to enable it to call on the support of the Polish economy and, therefore, the Polish nation from the abyss everyone saw before them.

The position of Solidarity's leadership was emphatically that they did not want political power, nor even did they wish to become a political party. The Solidarity leadership saw their function essentially as a trades union which happened for the moment to be receptive for the Polish people's political desire for honest and democratic Government within the Communist system. They wished to secure the essential political changes their supporters wanted and then, to revert to their trade union role.

Solidarity's political demands, of which the most important were four: the right of access to television (specifically to have half an hour to themselves a week); the introduction of an independent judiciary; free local elections; and the creation of a joint committee for Government, Church and Solidarity to have an input into the legislative process, principally in a vetting capacity.

I was struck by the modesty of these demands. What I could not understand was why it seemed to be such an insuperable difficulty for agreement to be reached between Solidarity and the Government somewhat along these lines, particularly as I formed the opinion that the Solidarity leadership strongly favoured a negotiated agreement with the Government.

What I could not understand now I believe I can understand. The Polish Communist Party had already taken the view that it wished to renege its authority on the Polish people then, of course, the refusal to negotiate realistic demands for a moderate Solidarity leadership was exactly the right course to take.

It led to where we are now at the radicals in Solidarity gaining ascendancy and putting forward demands which eventually gave the Government the excuse it wanted to introduce martial law. (It is absolutely apparent, incidentally, that the whole operation has been very well planned, a process which must have taken weeks if not months.)

It is for these reasons I do not think it is good enough to regard the imposition of martial law in Poland as being the fault of the radicals who went too far. With hindsight I would say that the Polish Communist Party has never had any intention of conceding a free trade union movement in Poland; let alone democracy in any wider sense; it has played a waiting game, indirectly encouraging the emergence of relatively extreme elements for its own purposes.

Complaints on police

From the Chairman of the Police Federation of England and Wales
Sir, I take the trouble to reply to Mr Michael Meacher (December 12) because he has addressed some questions directly to me. I have long since abandoned any hope of getting Mr Meacher to understand the whole facts of the problems involved in the police complaints system, but would not wish your readers to think that his latest effort is any more sound than his previous ones.

First, I have not "backtracked" as Mr Meacher, relying on a newspaper report of my appearance before the parliamentary select committee, implies. It was always my belief that complaints of criminal behaviour by police officers should be investigated by police officers, whether or not the matter came to light through a member of the public. Under our proposals, any subsequent investigation into non-criminal aspects of a complaint would be carried out by wholly independent persons. This would have applied in most, if not all, the cases of recent years, which have attracted so much public controversy.

Mr Meacher implies that the Director of Public Prosecutions is not an independent authority when he decides whether or not to prosecute a police officer. This is a serious reflection on the personal integrity of the Director and his staff. The Director applies the same test to the possibility of securing a conviction against a police officer as he does in any other case.

Mr Meacher complains that the

I write because I do not think there is the slightest justification for arresting Mr Janusz Onyszkiewicz and his colleagues, who I would regard as being in the best traditions of British trade unionism, and I do not wish to see any

Incidentally, I must emphasise that I write in a personal capacity. Yours faithfully, JOHN LYONS, General Secretary, Engineers and Managers Association, Station House, Fox Lane North, Chertsey, Surrey.

From Mr Antoni Pospieszalski
Sir, Your editorial "What the Poles should do" (December 16) is evidence that the admirable British habit of looking at the other side of every coin can be carried too far. You are still looking for some kind of respectable justification for the "state of war" imposed upon Poland by General Jaruzelski and ask the irrelevant question "whether a Russian intervention will follow."

The question is irrelevant because what has happened is, in fact, armed intervention by proxy. Unconfirmed reports that Marshal Kulikov spent the week preceding the coup in Poland, or that Soviet transport planes have landed in Warsaw since, are equally irrelevant because it is not the physical presence of the Russians that matters.

What matters is that the coup is in no one else's interest but that of Moscow alone, and General Jaruzelski's hint that he has taken that action in order to forestall an invasion, so far from extending the reasonable act, is indirect confirmation that he undertook it on orders of Moscow. The excuse that Poland was on the brink of civil war, you yourself have already branded as nonsensical.

The "state of war" is certainly not in the interest of the long-suffering Polish people and makes their ordeal so much worse. Also the hope that Polish workers will under the threat of bayonets produce the goods necessary to repair the mountain of debts incurred by their rulers is a foolish hope. Poles know that under the present regime they could not do it, even if they worked their hands to the bone.

This is one reason (though for them not the prime reason) why they resist. If only a minority resist actively, it is not that the majority see in the coup a chance for solving Poland's problems. The engineers of the coup have seen to it that fear should be the predominant factor shaping people's behaviour.

In this light your hope that, after martial law is lifted, a truncated Solidarity would be able to exert any sort of pressure for liberalization and increased economic efficiency strikes one as naive. You might as well hope for democratic reforms in war-torn Afghanistan.

What we are having now in the middle of Europe is another Afghanisthan. The West as a whole is extremely slow in grasping this awful but simple fact. Perhaps a slow realization of the fact is prelude to a sudden indignation outcry, as after the invasions of Czechoslovakia and of Afghanistan, which then peters out into helpless resignation.

This I venture to say, is the real reason for the dark hour since World War Two. I remain, Sir, yours faithfully, ANTONI POSPESZALSKI, 115 Redston Road, N8, December 16.

From Mr Nigel Linacre
Sir, Does the British Communist Party's support (December 17) for "the restoration of all democratic rights" in Poland include legalising all other political parties and regular national elections to choose between those parties? Or does this fall within the bounds of socialist realism?

Yours faithfully, NIGEL LINACRE, 15 Hindman's Road, SE22, December 17.

Director makes his decision on the basis of the police report on the investigation, without personally interviewing either the complainant or the police officer. In what other cases does the Director interview a suspect complainant before deciding whether to prosecute? He can, and often does, order that further inquiries be made into a police complaint before he takes a decision.

Apparently, Mr Meacher believes that a wholly independent system of investigation into all complaints, criminal and non-criminal, would increase the proportion of prosecutions against the police for alleged assaults. To believe this, it is necessary to accept his premise that police investigators do not do the job thoroughly at the present time, and that the Director is failing in his public duty.

I find it revealing that Mr Meacher objects to our proposals for strengthening the civil rights of police officers who find themselves subjected to a complaint. He has never portrayed any sympathy or understanding for the situation of such an officer. Fair-minded people, on the other hand, might wonder why he supports all moves aimed at strengthening the protection of the citizen who is suspected of crime, except where that citizen happens to be a policeman.

Yours faithfully, JAMES JARDINE, Chairman, Police Federation of England and Wales, 15-17 Langley Road, Surbiton, Surrey, December 14.

Steps towards racial equality

From Sir Geoffrey Wilson
Sir, I hold no particular brief for the Commission for Racial Equality, for when I was Chairman of the old Race Relations Board we warned a totally deaf Mr Alex Lyon of what the consequences were likely to be if the Government, of which he was then a member, went ahead with its plan to merge the board and the Race Relations Commission.

But whatever the detailed shortcomings of the commission, Mr Lyon and his parliamentary colleagues (report, December 16) are shooting at the wrong target. The major responsibility rests with this Government and the last one.

In its final report in September 1975, the Race Relations Board set out some of the steps which it thought that the government should take to improve race relations, and concluded: "The use by the Government of its commercial and financial powers is long overdue. While it fails to use its executive powers its commission has been negligible. Unless the Government allocates the necessary resources... so that its words and policies can be put into effect, some scepticism of its determination to deal with the issues will be justified."

These words were addressed to a Labour Government and they are equally applicable to this one. Mr Whitelaw's promise that at last there will be some degree of monitoring in the Civil Service is most welcome, but there is little sign of any other positive use of its powers by the Government, and until there is it is quite unreasonable to expect that a statutory body with a very modest amount of money will be able to make a significant impact.

The CRE can be a valuable support for every and vigorous Government action. But even the most perfect commission can be no substitute for such action. Yours faithfully, GEOFFREY WILSON, 4 Polstead Road, Oxford.

Wartime Wagner

From Mr Harold Rosenthal
Sir, I am sure that my friend Bernard Levin will not object to my playing Wagner's music on this occasion. It is to correct a mistaken piece of Wagnerian folklore that seems to have grown up. It is not true to suggest as Mr Levin did in his article last Saturday (December 12) that "Wagner's best performances of his music meant that those young people who were a few years my (Levin's) senior had grown up, musically, without him".

There was no kind of ban of any kind. Wagner between 1939 and 1945; I attended many concerts in which Wagner's music was played during those years, and especially remember the "bleeding chunks" from Wagner operas during the war-time years. Wagner was sung by Ewa Turner, Walter Widdow, Paddy Jones, Redvers Llewellyn and other well-known artists sang extracts from *The Ring*, *Tristan*, *Meistersinger*, etc, as well as concerts by the LPO at the Coliseum conducted by Karl Rankl which included music by Wagner.

It is true that no Wagner operas were performed during the war.

Yours faithfully, HAROLD ROSENTHAL, Editor, Opera, 6 Woodland Rise, N10.

Cold feet?

From Mrs R. S. King-Farlow
Sir, For those who wish to stretch their shoes to a comfort 20 ft but dislike the idea of putting their footwear in the freezer, as suggested by your correspondent of December 10, may I pass on a tip given to us by our cleaning lady's husband (a retired industrial worker) who has recommended quickly soaking a few pages of newspaper in water, squeezing them into a ball, and stuffing it as tightly as possible into the offending shoe, which stretches to a comfortable width.

I may add that of course I always use *The Times* for this purpose, though I am quite ignorant of the scientific explanation of this phenomenon. Yours faithfully, JOAN KING-FARLOW, 21 Harley Place, Vicarage Road, Edgaston, Birmingham.

Where is fancy bred?

From Mrs Joanne Bower
Sir, How very strange that, while China is trying desperately to control its population explosion, Mr Peter Walker, Minister of Agriculture, should bestow the industry's top marketing award on Mr Joe Buckner, of Cherry Valley, Ducks, who is exporting ducks' feet to China as aphrodisiacs (Business News, December 9).

Is this perhaps on a par with our former peddling of opium in order to undermine China's constitution? Yours faithfully, JOANNE BOWER, Honorary Secretary, The Farm and Food Society, 4 Wilford Way, NW11.

COURT CIRCULAR

Lancaster Regiment:
Sir Thomas Ellis,
Justice of the High Co
Dacca, 1953-54, died
December 12 at the age

Business News

THE TIMES Friday December 18, 1981

How Laker hit
an air-pocket,
page 17

Christmas cheer on two fronts

BSC to stay open for holiday

By Peter Hill
Industrial Editor

British Steel Corporation is to maintain virtually uninterrupted production runs at its main plants over Christmas and New Year, with resultant cost savings of tens of millions of pounds.

Last year, against the background of depressed demand, British Steel closed down for two full weeks, but with order books much healthier and efficiency throughout the corporation at much higher levels, works will close for only 36 hours, with closures staggered over one week. The only exception will be works in the Sheffield area producing steel in electric arc furnaces which will close for a full week over the Christmas period.

Increased demand comes from customers placing contracts in advance of the 123 per cent price increases being implemented at the beginning of next year by European steel-makers as part of the EEC Commission-promoted plan to restore the industry to profitability.

In recent weeks, production levels have risen sharply and last month production was more than 335,000 tonnes.

Some operations have moved back into profit, including tubes and sections, and Mr Ian MacGregor, BSC chairman, earlier this month announced that half year losses had been held down to £196m.

Further efforts are being made to reduce overheads and shed jobs with a target of a total labour force of 92,400 by March 1983, two thirds of whom will be engaged in the heavy steel sector.

METRO IN DEMAND ON CONTINENT

By Clifford Webb

BL's Longbridge car plant, closed for most of last month by the "tea break" strike, is working flat out to meet an upsurge in demand from Europe for the Metro.

It is proving particularly popular in Italy, the home of the small car. Yesterday, Signor Sergio Mia, managing director of BL Italia, revealed that since the Metro was launched there six months ago it has been largely responsible for a 73 per cent increase in BL sales, from 16,182 last year to 28,000 this year. Metro sales alone are running at 1,500 a month.

Signor Mia said the upsurge this year in BL's Italian fortunes represented a six-fold increase in sales since BL Italian, the marketing company, was formed six years ago after the sale of Innocenti, BL's Italian manufacturing plant.

He said the European launch early next year of the Triumph Acclaim and other improved models would continue this progress.

BL sells the Metro in Italy, Belgium, Luxembourg, Germany and France.

Money markets may face problems

Bank stays cautious as recovery begins

By David Blake, Economics Editor

The Bank of England today says that the worst of the recession is now over but is cautious about the prospects for a strong recovery. In its *Quarterly Bulletin*, the Bank gives a warning that growth will depend largely on an improvement in competitiveness, which in turn will need continued growth in productivity. The Bank sees no hope of any sharp reduction in unemployment in the near future.

There is also a warning that the money markets face difficulties in the next few months which could be even worse than in the early months of 1981.

This will present the authorities with a choice between letting interest rates rise or pumping liquidity into the system, thus making it harder to meet the Government's monetary targets. The Bank says that its new system of monetary control will make it easier for it to handle this problem.

The bulletin is more optimistic in tone than previous statements, which have said that the economy flattened out in the summer. Now it says that the rise in output in the third quarter suggests recovery has begun.

But final demand, both from investment and consumer spending is likely to be weak. The main force behind recovery so far is the slowing down of stockpiling, which has been going on throughout the year. The bulletin says that there is bound to be a setback in the fight against inflation as the effects of sterling's slide work through. However, it agrees with the Treasury that inflation at the end of next year will be around 10 per cent.

Hopes for better performance on inflation and output rest heavily on pay moderation and rising productivity combining to keep down costs. On productivity, the Bank remains unsure whether the gains which have been registered this year are just a temporary phenomenon or not.

On the monetary front, there is clear unease about the pace of bank lending. It argues that some of the money lent by banks has been directed to finance other kinds of consumption. It feels that this cannot go on indefinitely, since people will not want to saddle themselves with ever larger debts.

Lending to businesses is likely to be affected by the drain on companies' finances as the effects of the Civil Service strike unwind. This will mean that companies' liquidity positions are likely to get worse after the respite of the summer.

Private bank lending, not government borrowing, is thought to be the main driving force behind the growth in the money supply, which officials do not expect to be brought back within the 7 to 11 per cent target range set by the Government.

There may be some hesitation in economic recovery around the middle of next year, according to the Central Statistical Office. Its cyclical indicators published yesterday confirmed that the economy probably reached turning point in the second quarter.

The longer leading indicator, which forecasts the economy about a year in advance, rose in November for the first time since May. This suggests that after flickering in the summer, expansion may speed up at the end of next year.

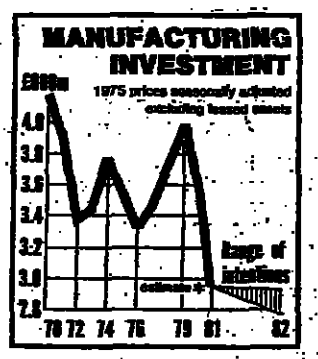
Further investment decline forecast

By Melvyn Westlake

Britain's manufacturers are planning to cut their business investment in 1982, for the third consecutive year. But the drop in investment in new buildings, vehicles, plant and machinery is ending. Next year, the decline will be much smaller than in either 1980 or 1981, when capital spending by manufacturers experienced the biggest two-year slump for decades.

According to the latest survey of investment carried out by the Department of Industry, there will be some recovery in manufacturers' capital spending during 1982 and an "appreciable increase" during 1983. The survey, which covered manufacturers' accounts for a third of all spending, suggests that it will drop by between 1 and 6 per cent in 1982 in real terms (after allowing for higher prices). This, however, excludes assets leased to manufacturers. If leased assets are included, the fall seems likely to be about 1 per cent. This would give total capital spending of about £80,000m in 1982 and 1983. Provisional estimates indicate a fall for the current year of 17 per cent in real terms (13 per cent if leased assets are included), after a drop of some 10 per cent in 1980.

The survey also shows that capital spending by the distributive and service industries will continue to be much more buoyant than in manufacturing. Despite the recession, distributive and service industries continue to boost their capital spending to record levels. It is now expected to rise by about 4 per cent both this year and next, reaching about £15,000m in 1982 cash prices. A further rise of about 5 per cent is tentatively expected in 1983.



INCREASE IN BANK LENDING

By John Whitmore

Bank lending to the private sector jumped by £2,577m in the banking month to mid-November, an even larger jump than the £2,200m in July last year after the removal of the banking "corset".

But with the public sector acting as a negative influence on domestic credit, and external influences proving contradictory, the rise in sterling M3, the broad-based definition of banking money, was held to £368m, or 0.5 per cent.

With large payments of back-tax falling during the banking month, which covered the well-worn November 18, the central Government made a surplus of £1,050m. In addition, the non-bank private sector took up £1,354m of public sector debt, including £1,212m of gilt-edged stock.

As well as its large swelling, however, the private sector also borrowed £540m in foreign currency.

Part of the increase in bank lending can be put down to the financing of payments of back tax due to the Exchequer. But bank mortgage lending also expanded and some companies appear to be borrowing more as output recovers.

£1,200m exports to Nigeria at risk

By Eamon Phillips

Department of Trade said last night that moves to curb imports could be the result of the downturn in Nigeria's oil revenues.

According to early news agency reports, President Shagari is anxious to reduce foreign currency outflows and to combat smuggling, which has undermined earlier attempts to control the country's import bill. The president also said that Nigeria would increase its borrowings abroad next year by 50 per cent to Naira 2,050m (£1,700m).

Britain is the biggest exporter to Nigeria and stands to lose much from an import curb. In 1980 about 22 per cent of the country's not-oil imports, worth some £1,200m, came from Britain.



Mr Robert Holmes a Court: he's not looking for a job.

Stepping into the ACC limelight

By David Hewson

The City was in two minds yesterday over whether the elevation of Mr Robert Holmes a Court to the board of Lord Grade's troubled, Associated Communications Corporation amounted to the timely arrival of a telling tale about the company's financial state.

Mr Holmes a Court, who is now 51 per cent of the company's non-voting stock, bought at a cost he estimated at between £25m and £30m in 1982 at the age of 24, and is now reputed to be one of the country's richest men. Born into an English family in South Africa, he studied agriculture in New Zealand before doing law at the University of Western Australia.

The first signs of entrepreneurial enterprise appeared when he founded a university flying club and persuaded Sir Reginald Ansett, the airline chief to become its patron. Years later he made a bid for Ansett Airlines itself, letting it drop, for a £5m profit, to go to Mr Rupert Murdoch.

Mr Cyril Stein and Mr Robert Maxwell were named last night as shareholders in the new Central Independent Television company which replaces ATV but where ACC owns 51 per cent, Philip Robinson writes.

The Independent Broadcast Authority has approved the Ledbrook Group headed by Mr Stein, holding 10 per cent and Pergamon Press and British Printing Corporation, where Mr Maxwell is chairman, holding 8 per cent.

Largest shareholder with 15 per cent is D.C. Thomson. Others include the Prudential Assurance Company with 5 per cent, Legal & General, and British Rail pension fund with 2 per cent each.

The balance is held by 1,000 small investors in the Midlands including more than 200 members of Central's staff.

Mr Holmes a Court, who says he will be a non-executive director, has been buying ACC shares for some time, but has also been interested in other United Kingdom companies. He put in a bid to buy The Times, when the paper, The Sunday Times and the supplements were put on the market.

He made an unsuccessful bid for Rolls-Royce, and yesterday denied a report from Australia that he had been involved in talks with Trafalgar House about the purchase of Express Newspapers. But Mr Holmes a Court would not rule out the possibility of buying a national newspaper in Britain.

He arrived in Australia in 1982 at the age of 24, and is now reputed to be one of the country's richest men. Born into an English family in South Africa, he studied agriculture in New Zealand before doing law at the University of Western Australia.

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Trident to pay £14.6m for Playboy empire

By Philip Robinson

Trident Television yesterday signed the deal for Playboy casinos and betting shops at a price £2.4m cheaper than originally announced. But the deal will mean the almost certain departure of Admiral Sir John Treacher, brought in by Playboy to replace the flamboyant Mr Victor Lowmes to head the London casino operation. Sir John will leave with a golden handshake of as much as £400,000.

Trident will pay £14.6m for the Playboy Club, the Clermont, the Victoria, two provincial casinos, half shares in two others and 81 betting shops. It has taken on the operation against the withdrawal of gaming licences at the Playboy and Clermont and will also defend the Victoria at a renewal hearing.

It has already sought Gaming Board certificates of consent needed to apply for new licences should the appeals be unsuccessful.

Playboy is taking back to the United States about £27m. This includes the Trident sale price and cash in the Playboy accounts which is being paid to them as dividends and which caused a four-day delay over the signing of the agreement.

The deal will be asked to approve the deal at a meeting on January 5.

ICL LOAN COMES UNDER FIRE

By Bill Johnston

The Government has been criticized for providing ICL, the British computer company, with a £200m loan guarantee completely free of charge in a report by the House of Commons Committee of Public Accounts published yesterday.

However, the Central Computer and Telecommunications Agency said in evidence submitted to the committee that had the company not survived, it would have cost the Government £150m to £250m for the conversion and reprogramming of ICL equipment.

The agency is the Civil Service department responsible for advising the Government.

The accounts committee says that the Department of Industry should review its policy on such loans and that it should consider some form of charge, possibly in the form of a deferred payment which could be reduced if the company was able to dispense with all or part of the loan guarantee.

ICL reported a net loss for the last financial year of £133.1m earlier this week.

Murray Clydesdale Investment Trust Limited

Results for the year ended 30th September, 1981

	1981	1980
Equity shareholders' interest	£76,912,272	£69,897,248
Asset value per share	86.0p	78.1p
Revenue available for ordinary shareholders	£1,554,655	£1,530,308
Earnings per ordinary share	1.77p	1.75p
Ordinary dividends per share	1.7325p	1.65p
Capitalisation issue in B ordinary shares	2.01585p	2.11173p

Geographical distribution of investments at 30th September

	1981	1980		1981	1980
UK	38.29%	39.80%	Europe	2.91%	2.78%
North America	35.60%	32.89%	Brazil	0.43%	0.72%
Japan/Far East	17.08%	12.75%	South Africa		1.06%
			Bonds	94.31%	90.00%
				5.69%	10.00%
				100.00%	100.00%

Investment Policy

The primary aim of policy in this company is to obtain growth in net asset value, involving a higher proportion of lower yielding stocks and, when appropriate, a higher level of gearing. It is also intended that there should be increased investment in unlisted securities, particularly in the electronic and energy fields.

Approximately £32m was invested in UK equities during the year, primarily in unlisted high technology stocks. This investment was funded by a reduction of £1.7m in fixed interest investment, the sale of the South African gold shares and £20.9m from additional borrowings. The stake in Japan was increased by £2.0m at the expense of other Far Eastern markets, principally Hong Kong.

Copies of the report may be obtained from the Secretary, Murray Clydesdale Investment Trust Ltd, 163 Hope St, Glasgow G2 2UH.

An Investment Trust managed by Murray Johnston Limited.

Murray Johnston

Stock Markets

FT Index 518.7 down 1.9
FT Gilts 62.56 down 0.15
FT All Share 308.90 up 0.11
Bargains 13,669

Sterling

\$ 1.8870 down 5 pps
Index 90.1 down 0.1
New York: \$1.8840

Dollar

Index 107.3 up 0.1
DM 2.2757 down 23 pts

Gold

\$416.50 unchanged
New York: \$415.50

Money

3 mth sterling 154-154 1/2
3 mth Euro \$ 13 1/2-13 1/2
6 mth Euro \$14 1/4-14 1/4

PRICE CHANGES

Rises

AB PLC 5p to 44 1/2p
Bk of Scotland 15p to 207 1/2p
Barrat Ders 9p to 115p
Cap & Counties 8p to 159p
Eng China Clays 8p to 47 1/2p
ERE 8p to 47 1/2p
Geevor 5p to 159p
First Nat Fin 25p to 124 1/2p
Healey 8p to 288p
Im Thomson 15p to 668p
Kinross 11p to 140p
Mint Higgs 7p to 310p
Newmark L 10p to 420p
Sotthby PE 8p to 168p
Syltine 4p to 40 1/2p
Tube Inv 8p to 114 1/2p

Falls

Churchbury Est 13p to 165p
Dorchester 5p to 127 1/2p
Dorchester 5p to 127 1/2p
Dorchester 5p to 127 1/2p
Dorchester 5p to 127 1/2p
Dorchester 5p to 127 1/2p
Dorchester 5p to 127 1/2p
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Dorchester 5p to 127 1/2p

US trade fears grow

Mr Robert Hormats, United States Assistant Secretary of State for Economic and Business Affairs who has just returned from trade talks in Brussels, has told business leaders that relations between the United States and Europe are at a low ebb which could poison political and commercial relations in coming months. (Bailey Morris writes from Washington). He expressed little hope that American and European leaders would be able to resolve their mounting differences.

Mr Hormats, who has handled trade negotiations for the past three American Administrations, said changes in attitudes and leaders were threatening the Western Alliance as never before.

Elliott fights Jenks bid

Elliott Group of Peterborough is attempting to turn the tables on Jenks and Cartell which is making a £8.8m contested takeover bid. Instead of telling its own shareholders to reject the entire Jenks package, Elliott has been urging Jenks's shareholders to vote against the deal at a special meeting due after Christmas. Jenks could not go through with the bid without the backing of its own shareholders.

Mr Ian Hay Davison, the managing partner of Arthur Andersen, the City chartered accountants, is to be the new chairman of the Accounting Standards Committee. He will take up his position from July 1982.

Business Diary, page 17

BUSINESS BRIEFING

Henlys inquiry likely

A Stock Exchange inquiry into the dealings of shares in Henlys, the BL car distributor, is almost certain after yesterday's dawn raid on the company by Sternberg. Thomas Clarke, the stockbroker, said the inquiry would be a "substantial one". The brokers announced in the market at 9.30 am that they were prepared to buy two million Henlys shares (14.4 per cent) at 125p. The company issued a statement almost immediately telling shareholders to do nothing and that assets (at 250p a share) were well above the price offered.

The shares then jumped to 132p but came back sharply to close at 124p when Sternberg withdrew their offer. They are believed to have control of about 500,000 shares, half of which came from British Car Auctions, although they declined to comment last night. Henlys shares started moving up on Wednesday after months of languishing. They started 14p to 95p last night when it is thought there were two persistent buyers about.

Mr Gordon Clarke, Henlys chairman, said: "We are considering asking for an inquiry. There have been a lot of leaks and it appears someone got in on the bid and our own with a substantial profit. We shall decide with our advisers."

It is still a mystery who was behind the buying. The market was suggesting everyone from British Car Auctions to Mr David Abele of Suter Electricals which recently built a stake in the Appleby group of car distributors.

Mr Chandler said: "I am assured that the Bank of Scotland (with 25.5 per cent) are not sellers. I have had no contact with anyone who would be interested."

CBI against tax cuts

Confederation of British Industry leaders last night told Sir Geoffrey Howe, Chancellor of the Exchequer, that industrial competitiveness was more important than cuts in income tax. They urged him to favour industry in next spring's Budget.

Tax cuts would result in a consumer boom which would be the wrong road to take, Sir Terence Brown, CBI director general, said. Sluggish economic growth of about 1 per cent next year would not be enough to allow industry to take advantage of the considerable improvement in productivity made in its ability to compete.

Kissin talks continue

Attempts to patch up the differences between Lord Kissin and Mr Edmund Dell appear to have delayed Kissin's departure for the Guinness Party Group.

Contrary to expectations that the bid would be launched yesterday, talks continued between Hambros, advising Lord Kissin, and Morgan Grenfell, advising the Bank of England.

The Bank of England has been acting as more than an interested observer because of its concern over the future of Guinness. Mahon, one of the acquiring houses.

Mr Dell has been fighting a rearguard battle to prevent Lord Kissin making a partial offer but it seems that all the talks over the past week have been aimed at avoiding a public dispute.

Steel fines appeal

Klöckner-Werke, the German steel company, has lodged an appeal with the European Court of Justice contesting a fine of about £125m imposed last month by the EEC Commission for exceeding its steel production quota in the first quarter of 1981.

TODAY

Retail prices index, tax and prices index, and usable steel production (all: November). Sales and orders in the engineering industries (September). Company results: ERP, Davyport, Brynmawr, Reliant, Moir, United Scientific (all half-yearly).

Industry chiefs seek priority for UK suppliers

By Our Industrial Editor

Renewed efforts are being made by leading industrialists to direct to United Kingdom suppliers more of the estimated £50,000m of purchases made annually by central and local government, state industries and large companies.

Although industrialists insist that the campaign is not a naked "Buy British" policy regardless of terms, they believe that more positive purchasing policies could provide a significant boost to the economy.

Sir Raymond Pennock, president of the Confederation of British Industry has appealed to trade associations to urge their members to give priority to domestic suppliers.

Sir Derek Ezra, chairman of the National Coal Board is among state industry chairmen urging greater awareness of the issue. The coal board spends about £1,000m a year on equipment and services with more than 97 per cent going to British companies.

The CBI believes that if other substantial public sector purchasers aimed at a similar level of domestic purchases it would have a significant impact on economic activity.

The Government last year introduced new guidelines for public purchasing aimed at encouraging government departments and local authorities to enhance the international competitiveness of British suppliers. The policy is coordinated by the Treasury and the Department of Industry.

In a report published yesterday, the powerful Commons Committee of Public Accounts said that the application of the policy, including the use of enlightened procurement procedures, would require the exercise of considerable skill and judgment by purchasing officers.

Third report from the Committee of Public Accounts, House of Commons Paper 29, HMSO £2.45.

30 training centres to be named

By Bill Johnstone

The locations of 30 Information Technology Centres to be set up for the training of the young unemployed are to be announced by the Government on Monday.

Also to be announced are the names of several hundred British companies which will be involved in either providing financial or technical support for the centres, where trainees will learn electronics, computer programming and related skills. Among them will be IBM, ICL, Ferranti, Marconi, Northern Engineering Industries, Cable & Wireless, and GEC.

Most of the centres are expected to be completed and fully operational by the end of next year — which has already been designated Information Technology Year.

The centres will be in Strathclyde and Dundee, Flint, Portsmouth, London (Camden, Hackney, Haringey, Brixton, Southwark), Bristol (two locations), Birmingham, Coventry, Leicester, Walsall, Telford, Liverpool (five locations), Manchester (Moss Side plus one other), Salford, Warrington, Leeds, Sheffield, Newcastle, Sunderland, and Gateshead.

Peter Hill explores the controversial Lawson Bill

North Sea Sale of the Century

Mr Nigel Lawson, Secretary of State for Energy, and his officials, cannot be accused of moving at a snail's pace. It is two months, almost to the day, since his initial announcement that the Government was to sell powers to sell off the oil production interests of the British National Oil Corporation, the offshore oil activities of the British Gas Corporation and to break the corporation's gas purchasing monopoly. Yesterday brought the detailed and lengthy Bill which has already attracted a storm of protest from the TUC and the Opposition and which is promised an equally stormy passage through Parliament.

Apart from fundamentally altering the ownership of a not insignificant part of the nation's offshore oil assets, the Energy Secretary's greater powers of direction over British Gas.

The Oil and Gas (Enterprise) Bill, which the Government hopes will complete its parliamentary passage by next autumn was described by Mr Lawson yesterday as "the biggest privatisation exercise ever introduced by any British Government". And he claimed it would also give a big boost to the development of Britain's natural gas resources. "It represents a major commitment to reducing the role of the State and replacing monopoly by competition in the interests of enterprise, efficiency and initiative."

Its provisions fall into four main sections embracing the disposal of BNOC's offshore production interests — although the Government will retain a 49 per cent stake while leaving the corporation's oil trading activities unchanged. This is to safeguard the national interests, since BNOC will continue to handle 51 per cent of all oil production from the United Kingdom sector of the North Sea through participation agreements with other oil companies.

BNOC will form a Scottish registered company Britoil, a name given four years ago to a BNOC-established, American-registered company as part of a deal to finance development of its North Sea interests.

Market conditions permitting, the majority of shares in Britoil will be offered by the end of next year. The Bill requires BNOC to make arrangements for employee share schemes in the new company.

Articles of association for the new



Engineer at work aboard a North Sea gas production platform

company, which as still to be published, will be structured to safeguard against unacceptable changes in control. As a result of the planned disposals, the financial structure of BNOC will be recast and will include severing of links with the National Oil Account which is to be abolished.

Similarly British Gas will be required to establish subsidiary companies with employee share schemes for those companies; it will be obliged to dispose of the companies — principally the oil interests — although the timing of those disposals has yet to be determined.

On the crucial and controversial issue of removing the gas corporation's

special purchasing rights, the Bill will repeal section 8 of the 1976 Energy Act and two new sections will be introduced to the 1972 Gas Act whose broad effect will be to create three categories of gas consumer. These are:

Industrial customers consuming more than 1 million therms annually, estimated to account for between one third and a half of all commercial customers, who will be free to buy from the supplier of their choice.

The bulk of domestic consumers taking less than 25,000 therms where British Gas will continue as sole supplier.

Private companies falling between the two other groups of users who will be free to choose their supplier but only with the consent of the Energy Secretary.

That approval will be conditional on safety arrangements being satisfactory and those measures fulfilling the Government's pledge to remove the gas corporation's statutory obligation to supply gas on request. The Bill also provides for appropriate changes in safety legislation and measures to ensure gas quality.

Under the Bill's other provisions private suppliers of gas will be given access to the Corporation's pipelines and Mr Lawson is seeking powers which will enable him to direct British Gas to increase capacity of pipelines to accommodate the private sector.

In cases where companies are unable to agree terms on the conveyance of their supplies by the corporation, they can appeal to the Energy Secretary to arbitrate.

British Gas will also be required to give advance warning to the Secretary of State when it intends to build new high pressure pipelines.

The Government is still treading water over its plans to sell off the corporation's showrooms, although the Bill contains the necessary powers.

That move, however remains suspended since the Government's wishes — hotly contested by British Gas — cannot be accomplished until essential legislation governing safety standards is introduced. This is not expected until 1982-83.

Other provisions of the Bill will modify existing petroleum legislation covering safety zones around offshore installations, and on safety regulations relating to offshore accommodation platforms.

IN BRIEF

Warrant issued for tycoon

A French judge has issued an international arrest warrant for M Pierre Latecoere, an industrialist who is accused of illegally transferring FF23m (£2m) worth of gold to a bank in Toronto and opening secret Swiss bank accounts in violation of currency regulations.

M Latecoere allegedly transferred the assets between Paris, the French financial firm, after the Socialist election victory this spring.

Paribas executives also have been charged in connection with a number of allegedly illegal transfers following the socialist victory.

New research group

United States semiconductor makers are banding together to conduct joint research on advanced semiconductor technology. The move is seen as an attempt to blunt Japan's competitive edge in some areas of research.

US trade surplus up

The United States registered a seasonally adjusted trade surplus of \$2,100m (£1,111m) in its balance of payments on the current account in the third quarter this year. This follows a revised surplus of \$1,400m in the second quarter.

MFA working text

A working text of a protocol to make the 52-nation Multi-Fibre Arrangement more restrictive has emerged after intense discussions in Geneva.

Suzuki waiting

Suzuki, the Japanese motor company, is still awaiting Pakistan Government approval of a plan to increase vehicle production in Pakistan in cooperation with the state-run automobile corporation.

Ports threat

Australian ports face a national shutdown from next week because of an industrial dispute.

£300m to revive West of Scotland

From Our Correspondent, Glasgow

Details of a £300m plan for the economic regeneration of the West of Scotland were revealed in Glasgow yesterday.

About £200m will come from the Scottish Development Agency, Strathclyde Regional Council and the district councils will give the rest.

Councillor Dick Stewart, leader of Strathclyde Regional Council said "This is the biggest single initiative for the creation of jobs and

the improvement of living conditions ever undertaken by a local authority in Britain."

The plan covers 12 areas which are considered to be in urgent need of renewal. These are Alexandria; Renfrew; Blantyre/Hamilton; Wishaw/Bellshill; Coatbridge; Kilmarnock; Greenock/Port Glasgow; Saltcoats; Govan; Ibrox; Part Dundas; Finnieston; and Glasgow city centre. These areas will also be given priority in Strath-

clyde's £1,300m annual budget for education, training, transport and infrastructure facilities.

Councillor Charles Gray, deputy leader of the council, said that these areas were chosen partly for the number of small companies located in them which could be helped to grow.

He estimated that the economic recovery programme would take from three to five years.

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The Royal Bank of Scotland Group Limited

THE profit for the year to 30th September 1981 has been achieved against a background of lower average interest rates and a higher volume of advances. The results reflect a much better second half performance than anticipated earlier in the year, due to a number of factors including higher net interest earnings and commission and fee income, and a reduction in the charge for bad and doubtful debts.

The range of customer services has been developed further during the year by both member banks. Growth in the domestic business of The Royal Bank of Scotland has been satisfactory, but the combination of depressed economic conditions and the continuing intensity of banking competition in Scotland has made it all the more difficult to obtain profitable new business. The enlargement of the branch network of Williams & Glyn's Bank has proceeded on schedule and the free banking arrangements introduced during the year for personal customers who remain in credit have been widely welcomed.

Against a background of general economic gloom it is hardly surprising that large numbers of basically sound businesses have had to struggle hard merely to keep going. In common with the other major banks in the United Kingdom, we in the Group are endeavouring to the best of our ability to assist in supporting those of our customers who are in temporary difficulties until not only their survival but a secure future is ensured. Evidence is now starting to accumulate that the decline has at least levelled off, with industrial output showing some signs of revival. But if we are to achieve any lasting benefit from this painful recession, we must realise the potential productivity gains which have been won at the cost of a high level of unemployment.

In Scotland what information is available suggests that the recession has been weathered with slightly less difficulty than the rest of the UK and there have been some areas of genuine improvement, particularly from the electronics industry. Oil and gas production from the North Sea is substantially above the levels of a year ago.

Among banking developments in the year the retrospective levy on banks' non-interest earning balances will cost the Group some £16 million. This tax establishes a dangerous precedent and reduces the amount of reserves we have available to support our customers in these difficult times.

Salient Figures	1981	1980
Profit before taxation	£107.9m	£102.5m
Profit attributable to ordinary shareholders	£78.3m	£73.5m
Earnings per 25p ordinary share	29.7p	30.7p
Earnings per 25p ordinary share after exceptional item*	41.9p	30.7p
Dividends per 25p ordinary share	5.4p	4.9p
Total assets	£7,763m	£6,147m

*Exceptional item: £27.5m of the provision made in previous years for deferred taxation in respect of leased assets is not required and has been credited in the profit and loss account.

Copies of the 1981 Annual Report and Accounts may be obtained from the Assistant Secretary, The Royal Bank of Scotland Group Limited, 36 St Andrew Square, Edinburgh EH2 2TB.

The Royal Bank of Scotland Limited WILLIAMS & GYLN'S BANK LIMITED

The Future of the Group

The future of the Royal Bank of Scotland Group remains uncertain. The three month extension granted to the Monopolies and Mergers Commission to complete their investigation into our proposed merger with Standard Chartered Bank Limited and the proposed takeover by The Hongkong and Shanghai Banking Corporation has merely prolonged the uncertainty. Nevertheless, we welcome the obvious care which the Commission is showing in examining all the factors involved.

We have submitted to the Commission a detailed case explaining why we feel that a merger with Standard Chartered would be in the UK public interest. Indeed, we consider that the benefits resulting from the creation of a major UK sterling-based banking group — a new fifth force — operating under and supervised by our own monetary authorities would be a positive advantage to this country and to British banking.

As a result of the merger, the Royal Bank Group would be a true partner in a worldwide banking operation, enabling its Scottish banking subsidiary, The Royal Bank of Scotland, to compete on an equal footing with those non-Scottish banks which have appeared in Scotland over recent years. The merger would not detract from the importance of Edinburgh as a financial centre, since control over all banking decisions affecting Scotland would remain with the Royal Bank at its Edinburgh headquarters. At the same time Williams & Glyn's Bank would be enabled to continue its exciting branch development programme south of the border. Customers of the Royal Bank Group would benefit from the increased range of services which the new group could offer and opportunities for staff would also be enhanced.

On the other hand, the board of the Royal Bank Group do not consider that such benefits would accrue if we were to be taken over by the Hongkong and Shanghai Bank which is based and controlled in a different environment on the other side of the world. If that should happen, it remains our belief that the most important strategic decisions affecting our Group would have to be taken in Hong Kong and not in the UK.

Throughout this long drawn out investigation, we have directed our efforts towards securing a result which will be to the ultimate benefit of all our shareholders, customers and staff. It is impossible to foresee the outcome of the Commission's deliberations, but we await the announcement of the Government's conclusions so that the present uncertainties cease to affect the development of the business and activities of the two member banks of the Group. I am sure, too, that all our staff will welcome an end to the uncertainty, which even though it inevitably must have had a disruptive effect has not interfered with our satisfactory progress over the past year.

Whatever the outcome, we in the Royal Bank of Scotland Group look forward to the day when we can once again, without distraction, direct all our endeavours to serving the best interests of our shareholders, customers and staff.

Michael Herries, Chairman

Technology by Clive Cookson

IBM breaks into viewdata market

IBM has burst spectacularly into the trade press — denied indignantly by the British group — that Bundes technology that brings computerized information — to home and business television screens by telephone or broadcasting — that works only on GEC computers. On January 1, GEC formally takes charge of marketing the combination of its hardware and Prestel software worldwide, except in North America.

The distinction between viewdata and teletext is blurred in the United States, where cable television is likely to be an important delivery system for videotex. British Telecom has joined forces with logical, a software company that helped the BBC develop Ceefax, to market Prestel and Ceefax in North America.

The joint venture, called British Videotex and Teletext (BVT), is operating as a lobbying as well as a sales organization. Unfortunately, BVT failed to persuade the Commission (FCC) to adopt the British standard for American teletext. But it did thwart the French who were lobbying for their rival standard. The FCC has gone for an "open market" approach with no specific standard; the marketplace will replace traditional government regulation.

This year, Logica has sold Ceefax (known as Context in the United States) to two American broadcasters. Field Electronic, a publishing firm, is already trying it out in Chicago, while Taft Broadcasting starts a trial with the television station it owns in Cincinnati on January 1.

This year, 26 members of the European Conference on Posts and Telecommunications (CEPT) agreed on a European viewdata standard that embraces the rival French and British systems. CEPT has now proposed to the FCC in Washington that a world videotex standard be drawn up to combine the European and American-Canadian approaches.

It would not be cheap, because of the electronic interconversion required, but if the price of microprocessors continues to plunge it should become commercially feasible.

Business Appointments

CHAIRMAN OF PANEL RETIRES

Lord Cross of Chelsea has retired from the chairmanship of the Panel on Takeovers and Mergers. The Governor of the Bank of England has approved the appointment of Sir Henry Fisher, president of Wolfson College, Oxford, and formerly a Judge of the High Court of Justice, Queen's Bench Division, to take Lord Cross's place.

Mr P. N. M. Rudder has been appointed a director of The British Electric Traction Company.

Mr Anthony Eastwood has been appointed group finance director of Ransome Hoffman Pollock.

Mr E. M. P. Miles is to become deputy chairman of Hong Kong Aircraft Engineering Company and Mr D. A. Gledhill is to become a director of the company.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC8R 3EB Telephone 01-621 1212

The Over-the-Counter Market

1980/81	1981/82	Company	Price	Ch'ge	Gross	Net	P/E	Yield
117	100	ABI Hlds 10% CULS	117	—	10.0	8.5	—	—
76	25	Altracorp Group	66	—	4.7	7.1	10.5	14.5
82	21	Armstrong & Rhodes	43	—	4.3	10.0	3.6	8.1
200	324	Barclays Bank	195	—	9.7	5.0	9.5	11.5
104	88	Debenhams Services	88	—	5.5	6.3	4.4	8.3
126	88	Frank Horne	123	—	6.4	5.2	11.1	26.7
110	35	Frederick Parker	65	—	1.7	2.6	28.3	—
110	46	George Blair	46	—	—	—	—	—
102	93	IPC	100	—	7.3	7.3	7.2	10.9
113	59	Jackson Group	97	—	7.0	7.2	3.1	6.9
130	108	James Burroughs	114	—	8.7	7.6	8.3	10.5
334	244	Robert Jenkins	263	—	31.3	11.9	3.7	9.3
59	50	Scruttons "A"	54	—	5.3	5.8	8.3	7.7
224	167	Torday & Carlisle	167	—	10.7	6.4	5.4	9.9
23	8	Twinkl Ord	13	—	—	—	—	—
90	68	Twinkl 15% ULIS	73	—	15.0	20.5	—	—
56	32	Unifac Holdings	32	—	3.0	9.4	5.7	9.7
103	77	Walter Alexander	77	—	6.4	8.3	5.1	9.0
253	181	W. S. Yates	212	—	13.1	6.2	4.0	8.2

BY THE FINANCIAL EDITOR

The monetary tightrope

The latest Bank of England Quarterly Bulletin, together with the full November money supply figures, only serve to emphasise that the authorities will be walking a monetary tightrope through the rest of the winter. The increase in bank lending to the private sector of over £2,500m in banking November may well prove exceptional. Indeed, the authorities' belief is that the recent surge in personal sector credit demand is unsustainable and that the short term adverse effects of higher interest rates on the money aggregates (raising the amount of interest added to accounts) will soon be followed by some contraction in overall credit demand.

MONETARY GROWTH

% change	M1	M2	M3	PSL2
Last month	0.5	0.5	0.1	0.2
Last 12 months	10.7	14.9	21.4	12.3
Annual rate since Feb.	9.8	17.2	23.2	13.0

But so it had better be, for all the signs of a strong revival in corporate borrowing are already there — partly to finance deferred and seasonal tax payments, but also to finance the recovery in output. The authorities are currently using exhortation to encourage the banks to show some foresight and self-discipline. But what if the banks take no notice? The authorities themselves are clearly reluctant to overfund the PSBR to offset the impact of bank lending on the money supply. Presumably, they would be reluctant to use the interest rate regulator too. What does that leave other than direct credit controls or tighter liquidity requirements?

At the same time, of course, the banks might well ask whether it is entirely fair for the authorities to be on their backs in such circumstances. A good deal of the increase in credit currently being supplied to the private sector takes the form of bill finance rather than overdrafts — a trend that makes the authorities' handling of money in times of persistent shortage that much easier.

Distillers UK sales down

Distillers' figures for the half year to September 30 are disappointing. Sales in the United Kingdom fell from £117m to £115m, while export sales rose mainly as a result of price increases. Pretax profits fell from £74.1m to £65.6m.



Mr J. R. Cater, chairman of the Distillers Company

The company had, of course, forewarned of the problem at the time of the 1980 results: sales to distributors in the last quarter of that year had accelerated to beat Budget price rises. Unfortunately, there is still no sign of recovery in the world market, where demand for scotch whisky remains weak. Pick-up in demand had been expected as the pre-Budget stocks were run-down, but this has happened more slowly than Distillers expected. As a result, the volume targets announced a few months ago have had to be revised.

downward — the second year running that this has happened. — So with its 50 per cent share of what are expected to be substantial losses at United Glass, and little prospect of disposing of any of its BP shareholdings, the company says it expects its profits to fall short of last year's £172.3m. Analysts' forecast put the profit figure for this year in the range £160m-£165m, though they also expect the dividend to be held at last year's level of 11p (gross). The half year dividend has already been maintained at 4.28p (gross). Sterling export prices are due to be adjusted early in the new year and this plus a possible increase in volume as the recession ends could help Distillers to a happier 1982.

English China Clays Second half recovery

English China Clays has come up with pretax profits for the year to September £1.5m higher at £41.7m — a remarkable upturn from the first half when full year estimates as low as £30m were being bandied about.

Sales volume in clays for the year was in fact some 11 per cent down. But the fall in United Kingdom production, down 250,000 tons in the first half, has been held to no more than 50,000 tons in the second six months. So, helped by an 8 per cent price rise last January and increase in efficiency — the overall workforce is down 1,000 to 11,000 — pretax profits from clay come out £3m higher at £28m. Elsewhere, the construction division held up well in the face of recession, but not so the quarrying operations, where profits were cut £2.7m to £7.2m.

With another lift in the final dividend the total is 10.2p gross, giving a yield of 6.4 per cent on the shares, up 8p to 159p yesterday. ECC should be a considerable beneficiary of an economic upturn — but RTZ, the oft-mentioned potential bidder clearly has its sights set elsewhere at the moment.

Japanese industry Less dependent on bank finance

The role of the banks in financing Japanese industry, so much admired by critics of the British system, is itself under pressure and undergoing fundamental changes, according to an intriguing article in the Bank of England's Quarterly Bulletin. The first oil shock of 1973-74 set up the stresses and strains, by interrupting temporarily and slowing more permanently Japan's astonishing postwar expansion. And the growing pressure on Japan to liberalise her financial markets, to finance both inward and outward investment, has made the traditional dependence on bank financing increasingly untenable.

The oil crisis demonstrated tellingly the dragging burden of high and inflexible interest costs on bank debt at a time of recession when profits are low. This spurred Japanese companies to try to increase their financial independence by generating more funds internally and diversifying sources of external finance.

The result: internal financing ratios have risen from between 40 to 50 per cent before 1973 to nearly 60 per cent — close to typical British levels, while equity ratios in manufacturing have jumped from 17 per cent in 1975 to 21 per cent in 1980, reversing the previous trend. Japanese companies are also seeking to raise more money abroad.

(Because of Japanese accounting procedures equity ratios may be significantly understated. The article suggests that adjustments to the official 1975 figure for all industries of 14 per cent could bring the ratio to between 40 and 50 per cent, not very different from other industrialized countries.)

Sir Freddie Laker, the man who pioneered cheap air travel with his transatlantic Skytrain service, seemed close to solving the crisis facing Laker Airways last night. Attempts over several months to reschedule \$339m (£190m) of loans used to buy aircraft had run into trouble and amid mounting concern the Bank of England joined the effort to find an answer. Yesterday evening it appeared that a solution was imminent.

The crisis threatening to overwhelm Laker was brought to a head by the refusal of three foreign banks owed \$27m to agree to the debt rescheduling proposals. The banks, Dresdner Bank and Bayerische Vereinsbank of West Germany and the Austrian Creditanstalt-Bankverein, are part of the 13-member Midland Bank syndicate which lent Laker \$131m to buy three A-300 aircraft from Airbus Industrie.

They were the only ones which would not go along with proposals to delay for 12 months two \$6.9m capital repayments due in January and July 1981.

The failure of the Midland Bank syndicate to reach agreement in turn threatened the deal hammered out with the American government agency Eximbank which led a syndicate providing Laker with \$228m to buy five McDonnell Douglas DC10s. Laker was due to repay \$12.6m of this in September but a breathing space was granted and in November Eximbank agreed to a 12-month rescheduling provided a deal was reached with the Midland syndicate.

At the end of last week the Eximbank deadline expired and a deadline of January 6 was set.

Concern over Laker's financial state and the appalling conditions on the transatlantic air routes, where all the airlines are making heavy losses, lay behind the refusal of the Austrian and two West German banks to step into line.

In financial terms 1980 was the worst year yet for airlines and 1981

How Laker hit an air-pocket

'In financial terms 1980 was the worst year yet for airlines and 1981 is expected to have been just as bad — possibly worse'

Sir Freddie Laker in happier days with the arrival of his first Airbus at Gatwick.



and beefing up the board with new directors. However the sticking point was the risk the three banks were prepared to accept.

The members of the Midland syndicate had some protection. Airbus Industrie carries the first 25 per cent of any losses on its loans. But the Austrian and German banks felt that the risks were too great for them to continue bearing the other 75 per cent and wanted their exposure reduced.

It was against this background that the Bank of England assumed a more prominent role and the focus of negotiation shifted from the Midland syndicate to intensive talks with Sir Freddie and his merchant bank Samuel Montagu and with Midland Bank to try to find a way out of the impasse.

The negotiations have included the Department of Trade and the two aircraft manufacturers Airbus Industrie and McDonnell Douglas who may prove to be crucial in any solution.

Rescheduling debt repayments would ease pressure on Laker's cash flow but may not be enough to ensure viability when the airline is in such difficulties.

Some change in the terms on which Laker acquired its DC10s from McDonnell Douglas and A-300s from Airbus Industrie may be one solution. This could perhaps involve the aircraft manufacturers sharing a greater part of the risk or even making some more direct contribution to help Laker out.

Time is running out and the only other solution to Laker's problem, would seem to be a request for aid or a loan guarantee from the Government. This possibility has been discussed but no formal request has been made. It is certainly hard to imagine the Prime Minister Mrs Thatcher looking kindly on the idea of bailing out one of the models of free enterprise.

Peter Wilson-Smith

is expected to have been just as bad — possibly worse. Meanwhile the North American routes, where Sir Freddie Laker pioneered his low-cost fares, have been the subject of fiercely competitive rate cutting during seasonally quiet months and at a time when the recession has been cutting passenger traffic and costs have continued to rise. Laker's cash flow has suffered and the problems of meeting its debt

repayments were further aggravated by the fall in sterling against the dollar which has pushed up the sterling value of loans.

The talks to hammer out agreement among the banks ranged over selling off aircraft, injecting more capital into Laker (which has only £5m or so of equity capital and about £18m of reserves) which would mean a reduction in Sir Freddie's 90 per cent shareholding,

Melvyn Westlake

Latin America — a monetarist test-bed

It is not only in Britain that monetarist economic policies stand at the crossroads. In Latin America, where several military governments have used such policies to impose stability and discipline on their countries — sometimes with great severity — monetarism is facing its most serious test. Argentina, Uruguay and Chile all face mounting economic problems.

What happens in these countries could have enormous implications for much of the rest of the Third World, where several governments are flirting with monetarism. For Latin America, an area of deep ideological division, monetarism has become another battleground in the struggle between the political left and right.

Chile, in particular, is seen by both sides as a "laboratory" for a monetarist experiment of most rigorous kind. The outcome could be significant for industrialized countries as well as developing ones — a point that is not lost on the supporters and critics of monetarism in Europe and the United States.

In its modern form, monetarism was introduced into Latin America before either Britain or the United States adopted such policies. It formed part of the economic stabilization programme carried out in Brazil between 1964-68 following the military takeover. But the country's tough free-market approach was progressively watered down after 1968.

In Uruguay, monetarist policies were adopted after the so-called "soft coup" in 1973 when the military greatly intensified their grip over the country, without, at that stage, taking over the Government.

It was also in that year that General Augusto Pinochet

led the military coup in Chile that toppled the democratically-elected Government of Dr Salvador Allende. General Pinochet's regime subsequently imposed — during 1975-76 — a drastic austerity programme which resulted in the worst depression experienced in that country since the 1930s.

The military men who came to power in Argentina in 1976 similarly resorted to monetarist and free-market policies which have been de-regulated, public spending cut back, welfare subsidies removed, export taxes and import tariffs reduced or eliminated, and state industries sold off to private enterprise. And all these have been accompanied by tough monetary control and credit squeeze, together with repressive measures against organized labour and left-wing opposition.

Today, Uruguay, Argentina and Chile are in recession. Unemployment and inflation are both rising, and the country's foreign debt is increasing rapidly.

The situation in Argentina is much worse than in the other two countries. Unemployment is 20 per cent and prices are rising faster than almost anywhere else in the world, running close to 150 per cent.

In March, Argentina was finally compelled to change tack and jettison some of its previous policies.

Even in Chile, which has applied the monetarist doctrine with an exemplary zeal, the training are now clearly evident. The largest fruit exporting company and a big sugar refining company

have both recently gone bankrupt. And, the Government has also had to take control of a number of Chilean banks.

"Chilean monetarism is probably entering its crisis", according to David Felix, Professor of Economics at Washington University, St Louis, and author of one of several papers on monetarism and the Third World, which appear in the latest issue of *Bulletin*, published today by the Institute of Development Studies, Sussex University.

Apart from the fervour of its monetarism, the Chilean situation is distinguished by the emergence of the so-called "Chicago Boys" — a group of economists trained at the University of Chicago — the spiritual home of monetarism.

Has become known as the "Chicago Boys" are doing, emphasize the recent high growth rates, the decline in inflation, the expansion of traditional exports like forestry products, the increase in foreign exchange reserves, the fall in state spending and the balanced budget.

Critics, on the other hand, point to the high rates of unemployment, the worsening distribution of income and wealth, the rise in foreign debt and the lack of business investment, as well as the suppression of democracy and the Government's systematic use of political violence to achieve its ends. There was certainly a marked improvement in some aspects of the economy during the second half of the 1970s.

The monetarist stabilization programme of 1975-76 did succeed in getting inflation down from the level of over 500 per cent, which followed the loss of control over prices during the later part of the Allende period. In 1980, inflation was down to 30 per cent, and in the first three quarters of 1981 was running at less than half that rate.

The extent of the squeeze can be judged from the fact that the budget deficit was reduced nearly 24 per cent of

gross domestic product under Allende to little more than 1 per cent in 1978, and real interest rates (after allowing for inflation) did not go below 40 per cent for several years.

But this stabilization programme had enormous costs. "Open" unemployment soared to 20 per cent in Santiago, and poverty and hunger increased dramatically. The level of jobless is now said officially to be back down to around 11 per cent — compared with 4 per cent in 1971 and 1972 — although this is claimed by some critics to be a gross underestimate.

The savage deflation gave way to several years of rapid economic growth, which the World Bank was moved to describe as a "remarkable turnaround". Indeed, between 1977 and 1979, the economy grew in real terms by more than 8 per cent a year, although to some extent this simply reflected a rebound after the 31 per cent slump in 1975 (made worse by falling copper prices and the oil price increase). By 1980 the growth rate had slowed to 6½ per cent, and this year is likely to be below 4 per cent.

The negative side of the balance sheet is increasingly apparent. The foreign trade deficit is deteriorating rapidly. In the first nine months of 1981, the deficit reached \$2,200m, or about four times the deficit in the same period of 1980. Imports were up 28 per cent, and exports down 14 per cent. The import liberalization, which brought tariffs tumbling down from around 100 per cent to approaching 10 per cent, has led to a big jump in imports of luxury consumer durables.

The trade position has also been made worse by the overvaluation of the Chilean peso against other currencies. The exchange rate is being deliberately kept high in order to help bring inflation down, and the foreign deficit financed by large inflows of short-term speculative money, attracted by the high interest rates. This has greatly added to Chile's short-term foreign debts, while interest charges and repayments have placed an increasing burden on the balance of payments.

Equally disturbing, in the view of some observers, the high domestic interest rates and cheap imports have discouraged business investment, both from abroad and at home. Although such investment is the seed-corn of future economic growth, it remains substantially below the level of the 1960s.

But perhaps the most damaging indictment of Chilean monetarism is the apparent marked increase in income inequality, although the figures are hotly disputed.

In spite of the turmoil of the Allende years, the disparity in living standards between rich and poor were probably reduced. Even the official statistics suggest that wages and salaries now account for only 41 per cent of national income, compared with 62.8 per cent in 1970 and 52 per cent in 1979.

The unemployed have suffered particularly badly. Simultaneously, wealth has become still more concentrated in a few hands. But with the demise of the Somoza regime in Nicaragua, Chile probably has the greatest concentration of wealth in Latin America, according to Professor Felix. Five economic groups, known as the "piranhas", are estimated, by the author of another paper in *IDS Bulletin*, to own 33 per cent of the assets of the top 250 private companies in Chile. This situation was made worse by the wholesale dismemberment of the state enterprise sector, and the sale of the assets to private companies at heavily undervalued prices.

Even the World Bank — otherwise approving of economic policy in Chile — expressed concern about the trend of income distribution and asset ownership. Chile, along with Argentina and Britain, has been in relative economic decline for several decades, and has grasped at even more desperate remedies. There are few signs that the latest of them will succeed where others have failed.

Business Diary: Live wires and ocean waves

For a moment yesterday I thought Business Diary was to go out on a high note this year by throwing some fresh light on the mystery of the Loch Ness monster. But was not to be.

Peter Young and Norman Bellamy showed me a photograph of this serpent-like thingie with bumps on bobbing about in the loch. Nessie to the life, I thought, but it turns out to have been there for less than five years, and Nessie has been around for a lot longer than that.

The picture they showed me was in fact of something man-made: it is called SEA-Clam, and it is a wave-energy device by which electricity is generated by the action of the sea on flexible airbags attached to turbines inside a long floating concrete spine.

SEA-Clam was tested on Loch Ness, having been developed by a team under Bellamy, who is the head of electrical and electronic engineering at Lanchester Polytechnic in Coventry. Bellamy and SEA-Clam has the backing of the Department of Energy and of SEA Energy Associates, a consortium of which Young, a director of RMC, is chairman.

British have the best waves in terms of energy density in the world. This is a sentiment with which many Britons might concur, notably those trawling up at Wick St Lawrence in Avon, who until last weekend's storms thought the Bristol Channel was three quarters of a mile away.

However, it is not to the West Country but to the Western Isles that Young and Bellamy are looking. Here the waves have a clear run across the Atlantic all the way from the West Indies to the Outer Hebrides. Sea Energy Associates is itching to string an 80-mile stretch of super-tanker length Nessies about ten miles out both as a working power station and as a showcase for export sales.

Technical hitch

The Accounting Standards Committee, the profession's technical rule-making body, has got a new chairman at last. The new man is Ian Davidson, managing partner of top accountants Arthur Andersen, who is also being spoken of as the man who will conduct the forthcoming government review of the future of British Rail, but yesterday Davidson told Business Diary that such notions are "pure speculation".



Standards bearer: Ian Davidson, the new chairman of the Accounting Standards Committee, yesterday.

such as chairing two of Granada TV's *State of the Nation* programmes and acting as Department of Trade inspector into the cases of Gray's Building Society and John Stonehouse's London Capital Securities.

Davidson says he will take up the post officially on July 1 when the present chairman, Tom Watts of Price Waterhouse, stands down, but plans no quick radical changes. "I'll be joining the committee as an ordinary member shortly to find out how things stand", he said. The ACS job is not exactly sought after as it involves more public exposure and professional controversy than most accountants have a taste for. Sir Douglas Morpeth of Touche, Ross was to have succeeded Tom Watts in this job but backed down at the last minute in August.

After Frodsham

Britain's engineering employers have at last found themselves a new leader. Dr James McFarlane, Frodsham, director general of the Engineering Employers' Federation (EEF) for their last seven years. He steps down in February.

McFarlane, aged 56, will take over at the EEF at a time when the vital engineering sector is undergoing major structural change and facing serious internal argument over the future viability of national collective pay bargaining.

As a main board director of GKN, Britain's largest engineering group, McFarlane should have sufficient experience to understand the problems of the EEF's 6,000 member companies, many in dire trouble these days, and weld them into united front against the engineering unions and the government.

McFarlane's first round of national pay talks starts next autumn. The EEF's recruitment expert, the London-based Wysocki-Wright company, has had to work hard to find a successor to Frodsham for the post, reputed to carry a salary of close to £40,000 a year. At least one preferred

Continental drift

Cox & Kings, which claims to be Britain's oldest travel agency, launched its France and Russia summer catalogue in London yesterday but now as ever it was hard not to talk about India.

The origins of the firm go back to 1758 (and India) and one Thomas Cox, who was agent for the British Army there, predating Thomas Cook by about a century.

Cox & Kings no longer assists well-bred girls to get themselves and their trousseaus from A to B to the Sub-Continent and its eligible empire-builders. Today it's sights and smells rather than spouses that are the attraction in package tours.

But, says chairman Anthony Good, Cox & Kings is still the biggest British agency in Indian holiday travel.

No wonder the tax avoidance industry is on the rocks. After my report yesterday on the falling of the judicial axe on the "Rassmussen non-deposit" tax avoidance scheme, I received a call from a City tax consultant asking me to explain how the scheme worked. Is this why people in the office keep telling me I'm in the wrong business?

Ross Davies

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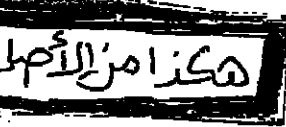
Following the passing of the Ordinary Resolution proposed at the Extraordinary General Meeting of the Company held at 12 noon on 17th December, 1981, the acquisitions of Micro Consultants Limited, Micro Consultants Inc. and Micro Consultants Technology Inc. have been completed.

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FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Bids make most of the running

As dealers became more involved in the traditional round of cocktail and office parties yesterday it was again left to bid situations to make the running.

Prominent among these was the dawn raid by brokers Stenberg, Thomas Clarke, on behalf of an unnamed investment client, who bid 125p for 2m shares in Healey, the motor dealer. Unfortunately, with two large buyers active in the market on Wednesday Stenberg appear to have fallen short of the target with around only 500,000 shares picked up — half of which were sold by British Car Auction.

Earlier shares of this account stood at 69p before rising to 70p yesterday. An inquiry is expected to be called into all previous dealings.

The rest of the equity market appeared to be making slow progress with turnover described as minimal. The FT index closed 1.9 down at 518.7 having opened the day 0.2 down at 518.0.

The gilt edged market appeared short of inspiration with sterling lower, the US bond market easier, and a dull set of money supply figures.

Prices drifted throughout the day on lack of interest with the final picture showing falls of a 1/4 in longs and 1/2 in shorts.

Jessel Toyne closed unchanged at 62p after the Kuwait Investment Office had announced it had bought 1,020 shares, or 7.74 per cent of the company, at market levels.

Capital & Counties jumped 9p to 115p on the news that the Union Corporation of

South Africa was selling its 32 per cent stake to one of South Africa's biggest insurance groups, Liberty Life, for £26m.

Burmah Oil has been the target of some solid support recently, reflecting the wave of optimism surrounding the development of its automotive division. After recommendations by several leading brokers, including Hoare Govett, it was the turn yesterday of brokers Scrimgeour & Kemp-Gee who had them in for lunch. The price closed 3p higher at 127p.

Thomas Tilling rose 3p to 147p after hearing the news that the board of Berac had agreed to the latest offer

from Hanson Trust of 150p a share. Hanson holds 26 per cent of Berac.

Half-year figures from Distillers proved to be at the lower end of expectations and the subsequent warning on trading knocked the shares 14p to 155p. There have been rumours that the group has recently bought a stake in Bank of Scotland, which incidentally holds 25 per cent of Distillers. But the group is reckoned to have bought the stake, totalling less than 5 per cent, as far back as June.

Better-than-expected trading news boosted Guytone 8p to 168p and English Clays 8p to 159p, while Whessex celebrated a return to profits and its first final dividend since 1979 with a rise of 6p to 148p.

Equity turnover on December 16 was £107.434m (10,404 bargains).

Word is that Reynolds Diversified, the Australian Oil & Gas exploration group, is about to receive a cash injection for the development of several of its oil exploration projects in the United States and Middle East. The shares, a favourite with small investors, and traded under rule 163(E) yesterday touched 3p before closing at 2 1/2p.

Traded options: Total contracts amounted to only 590, with Imperial Group prominent on 139. Traditional options saw calls on declaration day in LOF on 17p, P & O on 13p, Town & City on 3p Nimslow on 27p.

Latest results

Company Share price at Feb	Shares at Feb	Profits Jan	Earnings per share	Div pence	Pay date	Year's total
AE (P)	441.1(443.7)	10.7	1.4(4.9)	1.4(1.3)	1/3	1.4(3)
Bentley (I)	0.42(0.36)	0.03(0.02)	0.41(0.65)	—	—	—
British Steel (I)	—	0.12(0.36)	1.0(5.76)	—	—	—
British Steel (II)	24.08(23.53)	0.05(0.02)	0.5(2.4)	2(1.5)	16/1	—
British Steel (III)	2.73(2.24)	0.13(0.008)	7.32(3.26)	—	—	—
British Steel (IV)	463.4(437.5)	66(77.8)	12.2(14.8)	3(3)	26/2	—
British Steel (V)	39.4(35.4)	0.03(0.02)	1.7(2.5)	4.5(3.5)	7/4	7.2(5.5)
G. M. Firth (I)	1.46(1.44)	0.03(0.05)	0.6(2.2)	1.5(5.1)	—	—
Geovox (I)	2.79(2.35)	0.017(0.144)	0.56(4.53)	—	—	—
Grain (I)	30.4(28.9)	0.01(0.01)	0.01(0.01)	—	—	—
Marston, Thompson (I)	17.9(16.4)	3.2(4.2)	3.5(3.6)	0.7(0.63)	26/2	0.44(0.44)
Nineet (I)	33.4(25.6)	10.5(7.15)	—	—	—	—
North British (I)	4.4(4.3)	0.24(0.13)	13.8(22.1)	4.6(4.6)	19/2	6.6(6.6)
Porter (I)	12.7(8.89)	0.4(0.19)	3.4(7.6)	0.8(1.87)	—	—
Pratt (I)	9.23(9.14)	1.0(0.68)	1.5(1.76)	0.75(0.66)	—	—
Reynolds (I)	31.9(31.4)	2.02(2.54)	12.9(14.2)	2(2)	—	—
Reynolds (II)	31.9(31.4)	2.02(2.54)	12.9(14.2)	7(10.5)	15/2	4.2(4.2)
Sonic Sound (I)	4.72(2.5)	0.6(0.3)	11.6(5.07)	2.2(4)	—	—
Synforce (I)	7.56(5.52)	0.80(0.31)	2.0(2.67)	3.6(1.8)	9/2	4.4(4.1)
T. J. H. (I)	1.52(1.56)	0.002(0.002)	0.002(0.002)	—	—	—
Travlers Corp (I)	—	2.17(2.15)	2.1(2.1)	—	—	—
Unigate (I)	70(60.7)	20.1(14.5)	7.0(5.2)	1.2(1.2)	1/4	2.9(2.5)
W. J. (I)	86(72.4)	0.002(0.002)	0.002(0.002)	5(4.62)	2/2	7.5(6.83)
Whoseo (I)	57.1(73.5)	4.58(0.41)	51.8(5.8)	—	30/1	8(8)
Woolley Laundry (I)	0.46(0.46)	0.02(0.13)	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown gross basis. To convert net to gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. A = Loss. B = Adjusted.

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the World, 9:00 News, 9:00 Review of the English
Press, 9:15 The World Today, 9:30 Financial
News, 9:40 Look Ahead, 9:45 Music News
Summary, 10:15 Music News, 10:30
Latter, 11:00 World News, 11:00
News about Britain, 11:15 in the Morning.
12:15 Utter Newsletter, 11:30 Morning

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Cassie Street 11.00m Windsor in the
 of the World, 11.30 Fantastics
 1.55-12.00 Cartoon, 1.20pm-1.30
 News, 2.45 Cartoon, 2.50-1.15 Film:
 How to Succeed in Business Without
 Really Trying, 3.15-3.30 Divorce
 Barbara Eden, Ed Hall, 12.00m. Divorce
 ties to win back her ex-husband
 15-15.45 Home's the Place, 6.00
 The Pros and Cons of Marriage
 10.28 News, 11.30 State Of
 The World, 11.50 Film Carnation Killer
 12.00-12.15 News, 12.15-12.30
 information as a mark of identification.
 12.30pm Closedown.

HTV CYMRU/WALES

1.15-1.45 West end, 12.00-12.10pm
 12.10-12.15 News, 12.15-12.30
 1.55-1.45 Cardigan Y Sgwl, 6.00pm
 1.5 Y Dydd, 6.15-6.30 Report Wales,
 6.30-6.45 News, 6.45-7.00 News, 7.00-8.00 Chps.
 8.00-9.00 News, 9.00-9.15
 9.15-10.00 News, 10.00-10.15 Film:
 Farewell My Lovely (Robert Mitchum, Charles
 Bronson), 10.15-10.30 News, 10.30-10.45
 his hands - and a murder, 12.15
 closedown.

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